

**MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION
SHILLONG**

CASE NO. 28/2022

In the matter of

Petition for Approval of True-up of Generation Business for FY 2020-21

AND

Meghalaya Power Generation Corporation Limited (the Petitioner)

Coram

P.W. Ingty, IAS (Retd), Chairman

ORDER

(Dated: 22.03.2023)

The Government of Meghalaya has notified the Power Sector Reforms Transfer Scheme 2010 leading to restructuring and unbundling of erstwhile Meghalaya State Electricity Board (MeSEB) into four entities. Accordingly, Meghalaya Power Generation Corporation Limited (MePGCL) has started functioning as a segregated commercial operation utility independently for power generated in the state of Meghalaya with effect from 1st April 2013.

Commission in exercise of functions vested vide Regulation 16 of MSERC Multi Year Tariff Regulations 2014 had approved Aggregate Revenue Requirement (ARR) for Generation Utility comprising MePGCL Old Projects, MLHEP and New Umtru projects in the Order dated 25.03.2020.

The Provisional ARR for 1.5 MW Lakroh HEP for FY 2019-20 and FY 2020-21 was issued on 25.03.2021

MePGCL has filed petition for True up of business for FY 2020-21 for all the above existing projects along with audited Statement of accounts for FY 2020-21.

The petition has been admitted on 01.12.2022 and registered as case no. 28/2022

The petitioner was asked to submit additional information and data gaps on 15.12.2022, and 21.12.2022.

Petitioner has submitted the additional information/data on 16.01.2023.

Regulation-11 of MYT Regulation, 2014 stipulates that the Commission shall under take true-up of the previous year's expenses and revenue approved with reference to Audited Statement of Accounts made available subject to prudence check including pass through of impact of uncontrollable factors if any.

Commission taking into consideration of all the facts, additional information/data and after prudence check as per the Regulations with reference to the audited accounts, approves true up for FY 2020-21 in the detailed analysis attached to this order.

Commission notifies that, the impact of true up gap/ surplus shall be appropriated in the ensuing Tariff Order.

Sd/-

Shri. P.W. Ingty, IAS (Retd)

(Chairman)

1. True up of Generation Business for FY 2020-21

1.1 Company Profile and Performance Overview

1.1.1 Company Profile

The MePGCL is a Generation Company within the meaning of Section 2 (28) of the Electricity Act 2003. Further, Section 7 and 10 of the Electricity Act 2003 prescribe the following major duties of the Generating Company:

- To establish, operate and maintain generating stations, tie-lines, sub-stations and dedicated transmission lines connected therewith in accordance with the provisions of this Act or the rules or regulations made there under
- To supply electricity to any licensee in accordance with this Act and the rules and regulations made there under
- To submit technical details regarding its generating stations to the Appropriate Commission and the Authority.
- To co-ordinate with the Central Transmission Utility or the State Transmission Utility, as the case may be, for transmission of the electricity generated by it.

As per Meghalaya Power Sector Transfer Scheme, MePGCL has been vested with the function of generation of power by the State Government of Meghalaya. The Business Scope of the Company falls within the legal framework as specified in the Act and includes:

- To supply electricity to any licensee in accordance with this Act and the rules and regulations made there under,
- To initiate accelerated power development by planning and implementing new power projects,
- To operate the existing generating stations efficiently & effectively,
- To implement Renovation and Modernization for existing plants to improve performance through constant R & M activities, regular maintenance, etc.,
- Achieve high reliability and safety levels in all operational areas,
- Taking appropriate steps towards ensuring safety and adhering to environmental norms
- Adopt best industry practices to become the best and efficient generating company
- Other associated businesses like providing Training, Technical Consultancy services and O&M related services

1.1.2 Performance Highlights

The initial installed capacity when the erstwhile Meghalaya State Electricity Board (MeSEB) was bifurcated from the Assam State Electricity Board (ASEB) in 1975 was 65.2 MW. With the commissioning of Stage-III HEP (1979), Stage IV HEP (1992) & Sonapani Mini Hydel and uprating of Umiam Stage-II (from 18MW to 20MW in 2012), MLHEP (3x42 MW) in 2013, New Umtru(2x20 MW) in 2017 and Lakroh (1*1.5 MW) in 2019, the installed capacity increased to 356.2 MW.

All the Generating Stations except Sonapani Mini Hydel Project, MLHEP and Lakroh Mini Hydel Project, as indicated in the Table below are hydel power stations with the main reservoir at Umiam.

MePGCL started functioning as an independent commercial entity from 1st April 2013. The power generated by the MePGCL stations is sold to MePDCL as per the signed Power Purchase Agreements and transmitted to MePDCL through MePTCL interface points. At present, MePGCL is having 9(nine) Hydro Generating stations. The details of existing stations are mentioned below:

Table 1 : Existing Generation Capacity

Sl. No.	Name of Station	No. of Units	Capacity (MW)	Total Capacity (MW)	Year of Commissioning
1	Umiam Stage I	I	9	36	21.02.1965
		II	9		16.03.1965
		III	9		06.09.1965
		IV	9		09.11.1965
2	Umiam Stage II	I	10	20*	22.07.1970
		II	10		24.07.1970
3	Umiam-Umtru Stage III	I	30	60	6.01.1979
		II	30		30.03.1979
4	Umiam-Umtru Stage IV	I	30	60	16.09.1992
		II	30		11.08.1992
5	Umtru Power Station	I	2.8	11.2	01.04.1957
		II	2.8		01.04.1957
		III	2.8		01.04.1957
		IV	2.8		12.07.1968
6	Sonapani Mini Hydel	I	1.5	1.5	27.10.2009
7	MLHEP (Leshka)	I	42	126	01.04.2012
		II	42		01.04.2012
		III	42		01.04.2013
8	NUHEP (New Umtru)	I	20	40	01.07.2017
		II	20		01.07.2017
9	Lakroh MHP	I	1.5	1.5	01.03.2019
	Total			356.2	

*Upated from 18 MW to 20 MW in FY 2011-2012

MePGCL had commissioned 356.2 MW by the end of FY 2020-21 and all 9(nine) stations were generating at full capacity in FY 2020-21 except Umtru Power Station. All generating Units of Umtru Power Station could not generate on account of aging of Civil and E&M works and increase in the hydraulic head due to increase in FRL of the common reservoir after completion of NUHEP.

Historical Energy Generation: All the generating stations, being hydro, the annual generation depends on the rainfall for the year. It is submitted that the target energy for the old plants needs to be determined based on the actual historical generation achieved in the last 5(five) years since the plants are very old and some have even crossed their useful life and the design energy of these old plants cannot be taken as an accurate base for determination of target generation. The yearly generation of last 5 years for the generating stations is shown in the table below:

Table 2 : Historical Gross Energy Generation (MU)

Sl. No	Station	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
1	Umiam Stage-I	128.61	85.12	108.32	149.49	64.94
2	Umiam Stage -II	63.92	43.31	55.25	76.09	33.91
3	Umiam Stage -III	132.15	133.83	141.83	163.71	110.19
4	Umiam Stage-IV	217.48	166.61	164.50	188.32	125.26
5	Umtru Power Station	0	0	0	0	0
6	Sonapani MHP	7.47	7.12	3.59	6.08	5.53
7	Myntdu Leshka HEP	502.57	363.06	421.65	420.61	380.34
8	New Umtru HEP	167.79	179.82	181.43	229.80	160.79
9	Lakroh MHP	-	0.05	2.11	3.69	3.98
	Total	1219.99	978.92	1078.68	1237.80	884.91

New Generation Capacity

In addition to the existing capacity, MePGCL is also currently executing works of Ganol Small Hydro Project and Riango Mini Hydel projects, which are proposed, for commissioning in FY 2022-23.

Table 3 : Details of Upcoming Stations

Sl No.	New Station	Design Energy (MU)	Capex Outlay (Rs. Crs.)	Debt (Rs. Crs)	Equity (Rs. Crs)	Grant (Rs. Crs)	Year of Commissioning (MM/YY)
1	Ganol SHP	67	507.71	223.11	54.62	229.98	2022-23
2	Riango SHP	17	33.99	11.4	2.59	20	2022-23

1.2 Operational Norms

The following sections outline details of operational norms for computation of energy generation for FY 2020-21 based on Tariff Regulations, 2014 or past trend as the case may be.

1.2.1 Normative Annual Plant Availability Factor

Table 4 : Normative Annual Plant Availability Factor

Sl.No.	Station Particular	Norm
(a)	Storage and pondage type plants: where plant availability is not affected by silt and	
(i)	with head variation between Full Reservoir Level (FRL) and Minimum Draw Down Level (MDDL) of upto 8 %	90%
(ii)	with head variation between FRL and MDDL of more than 8%	$(\text{Head at MDDL}/\text{Rated Head}) \times 0.5 + 0.2$
(b)	Pondage type plant	where plant availability is significantly affected by silt - 85%
(c)	Run-of-River type plants	NAPAF to be determined plant-wise, based on 10-day design energy data, moderated by past experience where available/ relevant.

Note:

- 1) A further allowance may be made by the Commission under special circumstances, e.g. abnormal silt problem or other operating conditions and known plant limitations.
- 2) A further allowance of 5 % may be allowed for difficulties in the North East Region.
- 3) In case of new hydroelectric project, the developer shall have the option of approaching the Commission in advance for further above norms.

The NAPAF's for all generating stations during FY 2020-21 as per the MSERC Tariff Regulations, 2014 are summarized below:

Table 5 : Normative Annual Plant Availability Factor for FY 2020-21

Station	As per actual
Umiam Stage-I	59.83%
Umiam Stage-II	85.00%
Umiam Stage-III	63.67%
Umiam Stage-IV	61.79%
Umtru	80.00%
Sonapani	45.00%
MLHEP	39.00%
NUHEP	62.60%

Capacity Utilization Factor (CUF) for Lakroh MHP

Based on the Regulation 32 of the Meghalaya State Electricity Regulatory Commission (Terms and Conditions for determination of Tariff for Generation from Renewable Energy Sources) Regulations, 2014, CUF for Lakroh MHP is 85%. The computation of CUF is furnished as below:

$$\begin{aligned} \text{CUF (\%)} &= \frac{11.01 \times 10^6}{1.5 \times 1000 \times (100 - 1.5) / 100 \times 24 \times 365} \\ &= 85\% \end{aligned}$$

MePGCL has filed Project wise claims for True up of Business for FY 2020-21

2. TRUE UP OF ARR FOR MYNTDU LESHKA H.E. PROJECT(MLHEP) FOR FY 2020-21

2.1 Capital Cost and Asset Base of MLHEP

Petitioner's Submission

2.1.1 Capital Cost of MLHEP

Commission in its order dated 25th March 2020, had approved the GFA for old stations including Sonapani and MLHEP at Rs.1352.11 Cr.

Given below is the summary of the value assets of MLHEP for FY 2020-21 as per the segregated Statement of Accounts of MePGCL

Table 6 : Audited Capital Cost of MLHEP for FY 2020-21

(Rs. Cr)

SL No	Particulars	Value of Assets at the beginning of the year	Addition during the year	Withdrawn during the year	Asset Value at the end of the year
1	Land	23.9	0	0	23.9
2	Buildings	146.67	0	0	146.67
3	Hydraulic Works	622.91	0	0	622.91
4	Other Civil Works	122.62	0	0	122.62
5	Plant & Machinery	364.11	0	0	364.11
6	Lines & cables	4.57	0	0	4.57
7	Vehicles	0.46	0	0	0.46
8	Furniture	0.08	0	0	0.08
9	Office Equipment	0.18	0	0	0.18
	Total	1285.51	0	0	1285.51

2.1.2 Asset Base of MLHEP

The opening and closing GFA of MLHEP for FY 2020-21, as per the segregated Statement of Accounts of MePGCL is shown in the table below.

Table 7 : Gross Fixed Assets (GFA) of MLHEP

(Rs. Cr)

Particulars	As per petition	As per order
Opening GFA	1285.51	As per order passed by Commission for FY 2020-21 for MLHEP and Old projects at Rs. 1351.11 Cr
Closing GFA	1285.51	
Average GFA	1285.51	

MePGCL has requests the Commission to approve Gross Fixed Assets for MLHEP as reflected in the SOA for FY 2020-21submitted in the above table.

Commission's Analysis

Commission considered GFA as on 31.03.2020 for MLHEP at Rs. 1285.71 Crore in its True up order for FY 2019-20.

The opening balance of GFA on 01.04.2020 considered at Rs.1285.71 Crore and closing balance as on 31.03.2021 at Rs.1285.71 crore for FY 2020-21.

Table 8 : Approved Gross Fixed Assets (GFA) for MLHEP for FY 2020-21

Particulars	FY 2020-21
Opening GFA (01.04.2020)	1285.71
Additions during the year	0.00
Retirements during the year	0.00
Closing GFA (31.03.2021)	1285.71
Average GFA for FY 2020-21	1285.71

(Rs. Cr)

Commission considers capital cost of the MLHEP as approved above for FY 2020-21.

2.2 Depreciation

Petitioner's Submission

The Commission had approved depreciation of Rs.45.03Cr. for MLHEP and Old projects for FY 2020-21 in its tariff order. As per the Statement of Accounts, the depreciation of MLHEP for the year FY 2020-21 is given below:

Table 9 : Depreciation as per SOA for MLHEP for FY 2020-21 (Projected)

Particulars	As per petition	As per Order
Land and land rights	-	As per order passed by Commission for FY 2020-21, Depreciation for MLHEP and Old projects at Rs. 45.03 Cr
Buildings	4.90	
Hydraulic Works	32.89	
Others Civil Works	4.10	
Plant and Machinery	19.23	
Lines and Cable Network	0.24	
Vehicles	0.04	
Furniture and Fixtures	0.005	
Office Equipment	0.01	
Total	61.41	

(Rs. Cr)

MePGCL requests the Commission to approve Depreciation of Rs.61.41Cr. for FY 2020-21.

Commission's Analysis

Regulation 33.1 of MSERC MYT Regulations 2014 specifies that

- *The asset value for the purpose of depreciation shall be the historical cost of the assets as approved by the Commission where:
The opening asset's value recorded in the Balance Sheet as per the Transfer Scheme Notification shall be deemed to have been approved, subject to such modifications as may be found necessary upon audit of the accounts, if such a Balance Sheet is not audited. Consumer contribution or capital subsidy/ grant etc shall be excluded from the asset value for the purpose of depreciation.*
- *The salvage value of the assets shall be considered at 10% and depreciation shall be allowed upto maximum of 90 % of the capital cost of the asset.*
- *Depreciation shall be calculated annually as per straight-line method at the rates specified in CERC (Terms and Conditions of Tariff) Regulations,2009 as may be amended from time to time.*

The annual fixed charges for Generation utility shall be computed based on the approved O&M costs, interest, depreciation and Return on equity etc., for determination of Generation tariff in the proportion of saleable MW capacity of the projects for entire Generation utility as per the Regulations.

Commission considers that the Govt. Grants and capital subsidies (public money) provided to the Generation utility shall not be left unaccounted in the process of Tariff determination (True up).

The MSERC MYT Regulations 2014 specifies that tariff determination for generation utility shall be exclusive of Govt. Grants and capital subsidies.

The MePGCL reported Grants and Subsidies vide note no.17.1 of audited accounts.

MePGCL has received Grants towards Capital Assets during the FY 2020-21 at Rs.2.24 Crore vide note 17.1 of audited accounts.

The petitioner has disclosed Grants towards cost of capital assets (State Govt.) converted to Equity share capital pending allotment during the FY 2020-21 for a sum of Rs.5.59 Crore

(note no.15.2 of SoA) towards survey and investigation and preparation of DPR's in respect of five upcoming Hydel Projects, instead of reporting the Grants under note no.17.1 of SoA.

It is also disclosed vide note no.15.1 of SoA that the Capital Grants received as share capital pending allotment shall be allotted to MeECL on completion of due procedure.

The petitioner was asked to furnish the reasons for non disclosure of Govt. Grants received for Capital Assets for survey and investigation and preparation of DPR against upcoming Hydel Projects in the note no.17.1 of SoA vide commission's letter dated 15.12.2022.

Petitioner has submitted in their letter dated 16.01.2023 that All grants are to be treated as Equity as per notification POWER-101/2014/190, dated 24.03.2015.

It is to be mentioned that the cited notification reads that money received under SPA, SCA, NEC & NLCPR as grant in aid is to be treated as equity.

Whereas the disclosure vide note no.15.2 reads as Grants towards cost of capital assets (State Govt.) converted to Equity Share Capital pending Allotment during the FY 2020-21.

Thus the grants received towards capital assets shall be treated as Non Returnable fund to meet expenditure for survey and investigation of upcoming new projects.

Commission considers the Capital Grants in the hands of the petitioner shall not be left unaccounted in the process of determination of Tariff (True up) for FY 2020-21.

Thus the Capital Grants received for Rs.5.59 Crore shall be considered for reduction in the capital cost of the Generation corporation for FY 2020-21.

Therefore the closing Grants shall be considered at Rs. 180.34 Crore as on 31.03.2021 after amortization grant of Rs.12.89 Crore for FY 2020-21.

The petitioner has not disclosed the Grants received for Capital assets (State Govt.) for survey and investigation and preparation of DPR against Selim HEP, Umngot HEP, Nongkohlait HEP, Mawblei HEP and MLHEP stage II for Rs.5.59 Crore which is reported vide note no.15.2 of SOA. This has been disclosed as Equity Share Capital Pending Allotment during the FY 2020-21. Since this has to take due procedure to be considered as equity share capital, Commission considers this part of Capital Grant to be considered for

computation of ARR elements viz., Depreciation and Return on Equity in the True up process for FY 2020-21.

The Grants received against PDSF and DRIP shall be appropriated in the MePGCL old projects ARR for Rs.2.24 Crore.

Thus the Average Grants shall be considered at Rs.183.99 Crore including Grants reported vide note no.15.2 for Rs.5.59 Crore.

Similarly Petitioner has disclosed Grants towards Cost of Capital assets (State Govt.) as converted to Equity Share Capital pending allotment during the FY 2019-20 for Rs.114.82 Crore vide note no.15.3 of SoA.

Out of the above Capital Grants, a sum of Rs.57.43 Crore has been apportioned against the New Umtru Project considered as Equity Contribution vide Govt. Notification no. POWER. 44/2011/659 dated 26.11.2021. Commission considers claw back of the balance capital grant for Rs.57.39 Crore and shall be adjusted in the True up process for FY 2020-21. This anomaly was already informed in the Commission's letter dated 21.12.2022.

Accordingly the balance grants for Rs.57.39 Crore is considered for computation of Capital Cost, Depreciation and RoE in the True up process for FY 2020-21.

The status of moment in Grants and subsidies reported vide note no.17.1 of SoA shall be as indicated below.

Particulars	As on 1 st April 2020	Additions during the year	Amortization	Closing Grants as on 31.03.2021
Govt Grants (note no 17.1) (Rs. Cr)	189.69	2.24	12.89	179.04
Grants disclosed as Equity share capital (note no.15.2) (Rs. Cr)	187.64	5.59	12.89	180.34
Grants disclosed as Equity share capital (note no.15.3) for FY 2019-20 (Rs. Cr)	187.64	57.39	12.89	232.14

The computation of depreciation shall be as depicted in the table below for True up of FY 2020-21.

Table 10 : Computation of Depreciation for MLHEP True up for FY 2020-21

(Rs.Cr)

Sl No	Particulars	Value of Assets at the beginning of the year (01.04.2020)	Additions during the year	Asset Value at the end of the year (31.03.2021)	Average Assets	90% of the Assets	Dep Rate	Depreciation
	1	2	3	4	5	6		7
1	Land	23.90	-	23.90	23.90	0.00		0.00
2	Buildings	146.67	-	146.67	146.67	132.00	3.34 %	4.41
3	Hydraulic Works	622.94	-	622.94	622.94	560.65	5.28 %	29.60
4	Other Civil Works	122.70	-	122.70	122.70	110.43	3.34 %	3.68
5	Plant & Machinery	364.11	-	364.11	364.11	327.70	5.28 %	17.30
6	Lines & cables	4.57	-	4.57	4.57	4.11	5.28 %	0.22
7	Vehicles	0.46	-	0.46	0.46	0.41	9.50 %	0.04
8	Furniture	0.08	-	0.08	0.08	0.07	6.33 %	0.004
9	Office Equipment	0.28	-	0.28	0.28	0.25	6.33 %	0.02
10	Total	1285.71	0.00	1285.71	1285.71	1135.62		55.28
11	Average rate of dep (55.28/1285.71)*100							4.30%
12	Avg Grants					209.89		
13	Less: Depreciation on Grants							9.03
14	Net Depreciation for True up (sl.no 10-13)							46.25

Commission approves Depreciation at Rs. 46.25 Crore for True up of FY 2020-21.

2.3 Return on Equity

Petitioner's Submission

It is submitted that the return on equity is computed as per Regulation 27 and 31 of the MSERC MYT Regulations, 2014. MLHEP was funded with 30% equity component. The Commission has approved the ROE for MLHEP and Old projects for FY 2020-21 at Rs.48.70 Cr.

As per the above provisions of MSERC MYT Regulations, 2014, and the asset base of MLHEP, the Return on Equity for MLHEP for FY 2020-21 is computed below:

Table 11 : Return on Equity for Myntdu Leshka HEP for FY 2020-21 (Projected)

Particulars	As per petition	Approved by MSERC
Audited Capital Cost of MLHEP (Rs. Cr) (a)	1285.51	As per order passed by Commission for FY 2020-21, the RoE for MLHEP and Old projects at Rs. 48.70 Cr
Equity Considered for RoE (Rs. Cr) (b=a*30%) (30% of funding is equity)	385.65	
RoE (%) (c)	14%	
RoE (Rs. Cr.) (d=b*c)	54.00	

MePGCL request the Commission to approve the Return on Equity of Rs. 54.00 Cr for Myntdu Leshka HEP as computed above.

Commission's Analysis

The Return on Equity is computed as per Regulation 31 read with Regulation 27 of MSERC MYT Regulations 2014.

MePGCL has received Grants towards Capital Assets during the FY 2020-21 at Rs.5.59 Crore while the closing grants shall be considered at Rs.180.34 Crore for the FY 2020-21.

The Grants received against PDSF and DRIP shall be appropriated in the MePGCL old projects ARR for Rs.2.24 Crore.

Thus the Average Grants shall be considered at Rs.183.99 Crore for MLHEP.

Table 12 : Computation of Return on Equity for True up of FY 2020-21 for MLHEP

Sl.no	Particulars	FY 2020-21
1	Average GFA / Capital Cost for FY 2020-21	1285.71
2	Less: Average Grants	209.89
3	Net Assets	1075.82
4	70% Debt component	753.07
5	30% Equity	322.75
6	Equity Considered for FY 2019-20	328.02
7	Average Equity for FY 2020-21	325.38
8	Return on Equity @ 14%	45.55

Commission considers Return on Equity at Rs.45.55 Crore for True up of FY 2020-21.

2.4 Operation and Maintenance Expenses

Petitioner's Submission

Regulation 56 of MSERC Tariff Regulations, 2014 provides for Operation and Maintenance Expenses and is reproduced as under:

"56 (7) "In case of hydro generating stations declared under commercial operation on or after 01/04/2009, O&M expenses shall be fixed at 2% of the original project cost (excluding cost of rehabilitation and resettlement works) and shall be subject to annual escalation at 5.72% for the subsequent years."

Commission had approved O&M Expenses of Rs. 33.49 Cr for FY 2020-21. The O&M expenses of MePGCL for FY 2020-21 are shown in the table below:

Table 13 : O&M Expenses for Myntdu Leshka HEP for FY 2020-21 (Projected)

(Rs. Cr.)

O&M expenses	As per petition	As per Order
1. Employees benefits expenses	33.49 (as per order)	As per order passed by Commission the O&M expenses for FY 2020-21 for MLHEP and Old projects is approved at Rs. 67.18 Cr
(a) Salaries and wages		
2. Other Expenses		
(a) Repairs and maintenance (b) Administrative and General Expenses		
3. 27% including ROP	9.04	
Total	42.53	

MePGCL requests the Commission to approve the O&M expenses of Rs. 42.53 Cr. for MLHEP for FY 2020-21.

Commission's Analysis

As per Regulation 56 of MSERC Tariff Regulations, 2014 provides for Operation and Maintenance Expenses and is reproduced as under:

"56 (7) "In case of hydro generating stations declared under commercial operation on or after 01/04/2009, O&M expenses shall be fixed at 2% of the original project cost (excluding cost of rehabilitation and resettlement works) and shall be subject to annual escalation at 5.72% for the subsequent years."

Commission had considered O&M expenses for FY 2019-20 at Rs.31.68 Crore. As per Regulations 56 (7) the O&M expenses are escalated at 5.72% year on year amounted to Rs.33.49 Crore.

MeECL had approved Revision of Pay scales to all the employees of subsidiary utilities effective from 01.01.2020.

Taking into account the RoP impact at 27% of Employee expense considered at Rs.32.08 Crore. Added to the Employee expenses, R&M and A&G expenses after escalating at 5.72% over the FY 2019-20 amounted at Rs.6.81 Crore.

Thus the O&M expenses for MLHEP shall be as detailed below for True up of FY 2020-21.

Table 14 : Approved O&M Expenses for True up of FY 2020-21 for MLHEP

Particulars	Amount in Crore
Employee expenses for FY 2020-21	32.08
R&M and A&G expenses	6.81
Total O&M expenses	38.89

Commission approves O&M expenses for MLHEP at Rs.38.89 Crore for True up of FY 2020-21

2.5 Interest and Finance Charges

Petitioner's Submission

The Commission had considered Rs. 47.45 Cr. as Interest & Finance Charges for FY 2020-21 for MLHEP and Old projects. However, based on the Audited Statement of Accounts, MePGCL humbly requests Commission to allow Rs.42.87 Cr. towards Interest & Finance Charges for FY 2020-21 for MLHEP as shown in the following table:

DETAILS OF LOANS FOR MLHEP FOR THE YEAR2020-21 for MePGCL (Actual) (Rs. In Crore)									
Sl. No.	Particulars	Opening Balance	Rate of Interest	Addition during the year	Repayment made during the year	Closing balance	Interest Accrued	Amount of Interest paid	Purpose
1	2	3	4	5	6	7	8	9	10
1	PFC Loan	140.92	11.75%	8.49	8.07	141.33	11.97	9.03	MLHEP (PW*)
2	REC Loan	132.85	11.25%	7.78	12.65	127.98	11.75	8.22	MLHEP (PW*)
3	CBI	8.58	11.15%	0.00	6.27	2.31	1.08	1.08	MLHEP (PW*)
4	PFC Loan 170 cr	142.54	11.75%	8.59	8.12	143.02	12.11	9.10	MLHEP (PW*)
5	REC Loan 60 cr	43.45	11.25%	2.69	4.14	42.00	3.93	2.77	MLHEP (PW*)
Short Term Loan									
6	PFC (15 crs)	7.55	11.50%	0.34	4.09	1.44	0.09	0.62	
7	PFC (38 crs)	22.69	11.50%	1.06	14.05	7.03	0.86	1.82	
8	PFC (22 crs)	22.00	11.50%	1.17	13.40	13.91	1.08	1.21	
	Total	538.58		38.14	79.15	479.04	42.87		

Note:- *PW Project Works

Detailed Statement of Loans and interest accrued for MLHEP is provided at Annexure D of the segregated statement of accounts of MePGCL. It is submitted that Interest & Finance Charges are genuine and legitimate expenditure and it is humbly requests the Commission to approve the entire interest & finance charges as shown above.

The Commission in its order for approval of Capital Cost and True up of FY 2013-14 & Provisional True up for FY 2014-15 and Annual Fixed Charges and Generation Tariff for MYT Control Period FY 2015-16 to FY 2017-18 for MLHEP, has approved the loan opening balance

of MLHEP at Rs. 712.88 Crore and closing balance at Rs. 720.40 Crore for FY 2013-14. It has also approved an interest of Rs. 81.57 crore for FY 2013-14. The loan approved by the Commission includes 9.95% BSE Power Bonds of Rs. 120 Crore and 11.40 % BSE Power Bonds of Rs. 50 Crore (i.e., total Rs.170 crore of Power Bonds). These bonds matured in October, 2017 and November, 2018, respectively (i.e., after 5 years and 6 years from Commercial Operation Date of the project). MePGCL had taken a loan of Rs. 170 Crore from PFC for redemption of the bonds. As per Regulation 32.1 of MSERC MYT Regulations, 2014, bond or debenture is part of loan capital.

The weighted average depreciation rate of different assets (i.e., Buildings, Hydraulic Structures, Plants & Machineries, etc.) based on the Capital cost of MLHEP of Rs. 1286.74 Cr. certified by the Statutory Auditor and as per Depreciation rates given in the Depreciation Schedule of the MSERC Regulations, 2014 at pages 84 & 85, is derived as follows:

$$\begin{aligned}
 & \begin{array}{cccccc} \text{Buildings} & \text{Hydraulic works} & \text{Other civil works} & \text{Plant \& Machineries} & \text{Lines \& Cables} & \\ \hline & \text{Vehicles} & \text{Furniture} & \text{Office Equipment} & & \end{array} \\
 & = [(146.68*3.34\%) + (623.60*5.28\%) + (122.70*3.34\%) + (364.57*5.28\%) + (4.57*5.28\%) + \\
 & (0.46*5.28\%) + (0.08*6.33\%) + (0.18*6.33\%)] / (146.68+623.60+122.70+364.57+4.57+ \\
 & 0.46+0.08+0.18) \\
 & = (4.90+32.93+4.1+19.25+0.24+0.024+0.51+0.24)/1262.84 \\
 & = 62.19/1262.84 \\
 & = 4.92 \%
 \end{aligned}$$

The weighted average depreciation rate for MLHEP's assets is, therefore, 4.92 %.

The average loan approved by the Commission for MLHEP for FY 2013-14 is Rs. (712.88 + 720.40)/2, or Rs. 716.64 Crore including the Rs. 170 Crore Power Bonds while the total equity approved was Rs. 334.87 Crore. The average loan taken from financial institutions excluding the Power Bonds is, therefore, Rs. 546.64 Crore (i.e., Rs. 716.64 Crore – Rs. 170.00 Crore). For this total loan amount of Rs. 716.64 Crore, taking the repayment period of 12 years (as allowed under Regulation 33.1 (f)) and weighted average rate of depreciation at

4.92%, the accrued depreciation which is meant for repayment of loan principal is derived as shown below:-

Total Amount = Rs. 716.64 Cr. (average loan) + Rs. 334.87 Cr. (approved equity) = Rs. 1051.64 Cr.

Depreciation for 12 years = Rs. 1051.64 Cr. x 0.0492 x 90% x 12 years = Rs. 558.80 cr.

This total depreciation of Rs. 558.80 Cr. on loans (including the Rs. 170 cr. Power Bonds) and approved equity is just sufficient to meet the principal repayment of the loans taken from financial institutions only, i.e., Rs. 546.64 crore, while only Rs. 12.16 crore will be left for repayment/redemption of the Power Bonds, assuming their maturity period at 12 years from FY 2013-14.

Since the depreciation accrued from FY 2013-14 to FY 2017-18 and FY 2018-19 when the Power Bonds become matured was much less, MePGCL was unable to meet the repayment of the bonds through depreciation which might lead to default in payment by MePGCL and breach of agreement made with all stakeholders.

MePGCL was thus compelled to avail take-out financing of Rs. 170 crore to redeem the bonds in FY 2017-18 & FY 2018-19, which is permissible as per RBI Guidelines dated 2nd June, 2016 for Refinancing of Project Loans (Annexure E).

MePGCL, therefore, requests the Commission to approve the loan of Rs. 170 crore taken for redemption of the Power Bonds and interest accrued thereon.

The Commission had approved the Capital Cost of MLHEP at Rs. 1134.28 Crore as on 31.03.2013 in its order for Approval of Capital Cost and True Up of FY 2013-14 & Provisional True Up of FY 2014-15 and AFC and Generation Tariff for MYT Control Period FY 2015-16 to FY 2017-18 for MLHEP. It has also stated that interest on loan capital shall be allowed on the outstanding balance of borrowed loans of Rs. 794.00 Crore which is 70% of the project cost of Rs. 1134.28 Crore excluding cost of infirm power (Page-65 of the order). However, it may be mentioned that the project cost of Rs. 1134.28 Crore was on accrual basis, i.e., though

the expenditure is fully accounted, yet the actual payment for the full amount of Rs. 1134.28 Crore was not made due to fund constraints. Therefore, as per the books of accounts for FY 2013-14 the Commission had approved the loan opening balance of Rs. 712.88 crore and loan closing balance of Rs. 720.40 Crore (average loan being Rs. 716.64 Crore), which is less than the approved loan of Rs. 794.00 Crore. Therefore, MePGCL was losing the interest on this loan shortfall during FY 2013-14, which was a gain to the consumers.

The capital cost approved for MLHEP, the loan component approved by the Commission and actual average loan from FY 2013-14 to FY 2017-18 are shown in the table below:-

Table 15 : Additional Loan Eligible for Take-out financing by MePGCL for MLHEP

(Rs. Crore)

FY	Capital Cost Approved	Loan Component (@ 70% of Project Cost)	Loan Component after Principal repayment (Loan tenure of 12 Years)	Actual Average Loan (as per SOA's)	Additional Loan eligible for take-out financing	Remarks
2013-14	1134.28	794.00	727.83	716.64	1.19	As per Tariff order dated 30.03.2017 on Approval of Capital Cost and True up of FY 2013-14 & Provisional True up of FY 2014-15 And AFC and Generation Tariff for MYT Control Period FY 2015-16 to FY 2017-18
2014-15	1278.62	895.03	828.86	718.70	110.16	
2015-16	1279.11	895.38	812.49	698.73	113.76	
2016-17	1279.41	895.59	805.31	644.71	160.60	
2017-18	1279.41	895.59	794.93	520.71	274.22	

Average additional loan eligible for take-out financing by MePGCL= Rs. 659.93 Crore = Rs. 131.99 Crore

5

Say = Rs. 132.00 Crore

MePGCL, therefore, is eligible for availing an average additional loan of Rs. 132.00 Crore during FY 2013-14 to FY 2017-18 as shown above. From FY 2013-14 to FY 2017-18, MePGCL had not availed this loan amount resulting in the gain to the consumers and loss to the Corporation. As stated before, the project cost of MePGCL was finalized on accrual basis, i.e., the accrued expenditure was booked in full to the project cost while the actual payment is less than the accrued expenditure because MePGCL was facing acute financial crunch and could not pay the outstanding dues of the project which were accounted in full in the project cost of MLHEP.

Regulation 32.1 which governs the interest and finance charges states as under:-

32.1 Interest and finance charges on loan capital shall be computed on the outstanding loans, duly taking into account the schedule of loan repayment, terms and conditions of loan agreements, bond or debenture and the lending rate specified therein.

Provided that the outstanding loan capital shall be adjusted to make it consistent with the loan amount determined in accordance with regulation 27.

Regulation 27 which governs the Debt-Equity Ratio specifies that equity in excess of 30% of the project cost shall be treated as normative loan. The loan component of the project is fixed at 70% of the approved project cost. Therefore, in accordance with the above regulations, MePGCL is entitled to avail loan upto 70% of the approved project cost as shown in Table-17 above and can claim interest on this loan amount as permitted by the above regulations.

The Commission in its order dated 25.03.2021 on ARR for Control Period FY 2021-22 to FY 2023-24 & Generation Tariff for FY 2021-22, has stated that “any borrowings after achieving COD shall not be taken into consideration for interest Computation”.

In this connection, it may be pointed out that the Commission did not take into consideration the amount of loan which MePGCL is eligible to avail (i.e., 70% of approved project cost) as shown in Table-17 above and as permitted by Regulations 32.1 and 27 of the MSERC MYT Regulations, 2014. It has also not considered the fact that the project cost of MLHEP was arrived at on accrual basis, i.e., the accrued expenditure is more than the actual payment made on account of the fact that MePGCL was facing acute financial crisis and could not clear the outstanding dues like payment for land acquired and works completed before commissioning of the project which were lying pending for quite a number of years. It was only in FY 2017-18 that the Corporation opted to avail take-out financing of Rs. 60.00 Crore to clear the outstanding dues though it is eligible to avail an additional average loan of more than Rs. 60.00 Crore as shown in Table-17 above and as permitted by Regulations 32.1 and 27 of the MSERC MYT Regulations, 2014. This take-out financing is also in line with the RBI Guidelines dated 2nd June, 2016 for Refinancing of Project Loans (Annexure E).

MePGCL, request the Commission to approve the take-out financing of Rs. 60 Crore and interest accrued thereon, which is in line with the RBI Guidelines for clearing the outstanding dues and as permitted by the regulations.

Commission's Analysis

Regulation 32.1 of MSERC MYT Regulations 2014 specifies that-

32.1-Interest and finance charges on loan capital shall be computed on the outstanding loans, duly taking into account the schedule of loan repayment, terms and conditions of loan agreements, bond or debenture and the lending rate specified therein.

Provided that the outstanding loan capital shall be adjusted to make it consistent with the loan amount determined in accordance with regulation 27.

The MLHEP project construction has been completed in 2013, and all the additional capitalization as provided in the working estimates has been taken into consideration for computation of interest and finance charges. Further loans projected on the completed project shall not be considered.

The loans projected towards refinancing shall not be considered.

Commission considers that the closing balance of outstanding loans for FY 2019-20 shall be drawn as opening balance and repayment of 10% of outstanding capital loans shall be considered wherever necessary for computation of interest and finance charges for True up of FY 2020-21.

As already notified, the claim of the MePGCL for Takeout financing of Rs.170.00 Crore shall not be considered.

Table 16 : Approved Interest on capital loans for True up of FY 2020-21

(Rs. Cr)						
Sl.No	Loans availed for LESHKA Plant	Opening	Repayment	Closing loan	Avg loan	Interest
1	11.15%, Central Bank of India	8.58	6.27	2.31	5.44	0.61
2	11.75%, from PFC	140.92	14.09	126.83	133.88	15.73
3	11.07%, from REC	132.85	4.87	127.98	130.42	14.44
	Total	282.35	25.23	257.12	269.74	30.78

Commission considers Interest and Finance charges at Rs.30.78 Crore for True up of FY 2020-21.

2.6 Interest on Working Capital

Petitioner's Submission

In accordance with the regulations, the Interest on Working Capital for MLHEP is computed below:

Table 17 : Interest on Working Capital for FY 2020-21 (Projected)

Particulars	As per petition	As per Order
O&M expenses for one month (Rs. Cr.) (1) (42.53Cr /12)	3.54	As per order passed by Commission for FY 2020-21 the Interest on Working Capital for MLHEP and Old projects at Rs. 6.70 Cr
Maintenance spares @ 15% of O&M expenses (2) (42.53*15%*1.06)	6.76	
Receivables equivalent to two months of Fixed cost (Rs. Cr.) (3)	34.42	
Total Working Capital Requirements (Rs. Cr.) (4=1+2+3)	44.72	
SBI PLR as on 1st April of the respective Financial Year (%) (5)	12.75%	
Interest on Working Capital (Rs. Cr.) (6=4*5)	5.70	

MePGCL requests the Commission to approve the Interest on Working Capital of Rs.5.70 Cr as computed above for FY 2020-21 for MLHEP.

Commission's Analysis

As per the Regulations 34.1(iii) interest on working capital shall be allowed on the following components for determination of Tariff.

- O&M Expenses for one (1) month
- Maintenance Spares at 15% of O&M expenses escalated at 6%
- Receivables equivalent to two (2) months of Fixed cost

The computation of Interest on working capital is depicted in the table below.

Table 18 : Computation of Interest on Working Capital for FY 2020-21

S. No	Particulars	MLHEP Actual
1	O&M expenses for one month (38.89 Cr /12)	3.24
2	Maintenance spares @ 15% of O&M expenses (38.89 *15%*6%)	6.18
3	Receivables equivalent to two months of Fixed cost (Rs.161.47*2/12 Cr.)	26.91
4	Total Working Capital Requirements (4=1+2+3)	36.33
5	SBI PLR as on 1st April of the respective Financial Year (%)	12.90 %
6	Interest on Working Capital (6=4*5)	4.69

Commission considers Interest on Working Capital at Rs. 4.69 Crore for True up of FY 2020-21

2.7 Prior Period Items

Petitioner's Submission

MLHEP has -NIL- prior period expenses during FY 2020-21.

2.8 Non Tariff Income

Petitioner's Submission

The total non-tariff income for MLHEP during FY 2020-21 is -NIL-.

2.9 Revenue from Operations

Petitioner's Submission

MePGCL has received Revenue of Rs.58.68 Cr. for MLHEP from MePDCL towards sale of power for FY 2020-21.

Commission's Analysis

MePDCL has paid power purchase cost against MLHEP at Rs.58.68 Crore for the FY 2020-21.

The same is considered for True up of FY 2020-21.

2.10 Summary of Annual Fixed Cost – Myndtu Leshka HEP (MLHEP)

Petitioner’s Submission

The summary of Annual Fixed Cost approved by the Commission for MLHEP vis-à-vis actuals as per the Audited Statement of Accounts for FY 2020-21 is given below:

Table 19 : Summary of Annual Fixed Cost FY 2020-21 (Projected)

Particulars	Actual	Approved	(Rs. Cr)
			GAP/ Surplus (+)/ (-)
Depreciation	61.41		
Return on Equity	54.00		
O&M Expenses	42.53		
Interest and Finance Charges	42.87		
Interest on working capital	5.70		
SLDC Charges	-		
Net Prior Period Items: Income (-)/ Expense	0.00		
Total Annual Fixed Cost (AFC)	206.51	62.74	
Less: Non-Tariff Income	-		
Net AFC	206.51		
Revenue from Operation	58.68		
Gap(+)/(Surplus)(-)	147.83		(+) 147.83

MePGCL requests the Commission to pass through the gap of Rs. (+) 147.83Cr.for MLHEP under the truing up of FY 2020-21 and to be adjusted in the ARR of FY 2023-24.

Commission’s Analysis

Commission has examined the petition for MLHEP project, analyzed considering the audited statement of accounts after prudent check with reference to the Regulations approves the ARR for True up of FY 2020-21 as depicted in the table below.

Table 20 : Approved ARR for MLHEP for True up of FY 2020-21

Sl.no	Particulars	Actuals	(Rs. Cr)
			Approved for True up
1	Depreciation	61.41	46.25
2	Return on Equity	54.00	45.55
3	O&M Expenses	42.53	38.89
4	Interest and Finance Charges	42.87	30.78
5	Interest on working capital	5.70	4.69
6	SLDC Charges	-	
7	Net Prior Period Items: Income (-)/ Expense	0.00	0.00
	Total Annual Fixed Cost (AFC)	206.51	166.16

Commission approves ARR at Rs. 166.16 Crore for True up of FY 2020-21.

3. TRUE UP OF ARR FOR NUHEP for FY 2020-21

Petitioners' Submission

3.1 Capital Cost and Funding Pattern of New Umtru HEP

3.1.1 Capital Cost of New Umtru

The New Umtru HEP achieved its CoD on 1st July 2017.

The capital cost and the Assets value of New Umtru HEP for FY 2020-21 are based as per the segregated statement of accounts of MePGCL attached as Annexure D. Given below is the Gross Fixed Asset as on 31.03.2021:

Table 21 : Capital Cost of NUHEP

Capital Cost	Amount (Rs. Cr.)
Capital Cost as on 31 March 2021	605.38

Asset-wise break up of NUHEP asset base is given below:

Table 22 : Actual Capital Cost of NUHEP for the FY 2020-21

S. No	Name of the Asset	Value of Assets at the beginning of the year	Addition during the year	Withdrawn during the year	Value of Assets at the year
1	Land & Land rights	0.47	1.18	-	1.66
2	Buildings	95.16	-	-	95.16
3	Hydraulic Works	311.63	0.005	-	311.64
4	Other Civil Works	33.23	-	-	33.23
5	Plant & Machinery	159.92	0.01	-	159.93
6	Lines & Cable Network	3.56	0.05	-	3.62
7	Vehicles	0.04	-	-	0.04
8	Furniture & Fixtures	0.08	-	-	0.07
9	Office Equipment	0.02	-	-	0.02
10	Assets not in use	-	-	-	-
	Total	604.12	1.25	-	605.38

The assets value of NUHEP for FY 2020-21 in asset wise break-up is attached as Annexure D.

Commission's Analysis

Commission had considered capital cost of the project at Rs.584.37 Crore for FY 2019-20.

MePGCL has reported addition of the capital at Rs.1.25 Crore during FY 2020-21.

Thus the capital cost of the project shall be Rs.585.62 Crore

Equity as approved for FY 2019-20 Rs.132.00 Crore

Outstanding Loans availed Rs.343.46 Crore

3.1.2 Funding Pattern of NUHEP

Petitioner's Submission

The New Umtru HEP was funded by a mix of Loan and Equity as elaborated below based on segregated account.

Table 23 : Funding pattern of NUHEP for FY 2020-21

Capital funding	Total (Rs. Cr.)	Loan (Rs. Cr.)	Equity (Rs. Cr.)
Capital cost as on 1 st April 2020	604.12	440.30	163.82
Capital cost as on 31 st March 2021	605.38	440.30	165.08
Average Capital Cost	604.75	440.30	164.45

As it can be clearly seen, there is no grant component in the NUHEP project. The Govt. of Meghalaya vide Notification No.PE.73/97/vol IV/217, dated. 13th December, 2012 has notified the Equity infused by the State Govt. in NUHEP (Annexure-F) at Rs. 32.59 crore. The State Government has also vide Notification No.POWER.44/2011/659,dated 26th November, 2021 (Annexure G) converted grants and loans amounting to Rs. 132.00 Crore into equity for NUHEP. The total amount of equity infused in NUHEP by the State Government is therefore Rs. 164.59 Crore (i.e., 32.59 Cr. + Rs. 132.00 Cr.) against the total project cost of Rs. 604.90 Crore.

Commission's Analysis

Commission considers funding pattern as depicted in the Table below

Table 24 : Funding pattern for New Umtru project for FY 2020-21

Particulars	Amount in Rs. Crore
Project Cost approved as on CoD	580.72
Equity contribution by Govt.	132.00
Actual Loan Outstanding as of 31.03.2020	343.46

3.1.3 Asset Base of New Umtru HEP

Petitioner's Submission

The opening and closing GFA of NUHEP for FY 2020-21, as per the Audited Statement of Accounts of MePGCL is shown in the table below:

Table 25 : Gross Fixed Assets (GFA) of NUHEP

Particulars	(Rs.Cr) FY 2020-21
Opening GFA	604.13
Closing GFA	605.38
Average GFA	604.75

The details of assets of NUHEP as stated above are attached as Annexure D. MePGCL requests the Commission to approve Gross Fixed Assets for NUHEP as submitted in the above table.

Commission Analysis

Commission considers the Asset base as detailed in the table below

Table 26 : Gross Fixed Assets (GFA) of NUHEP for FY 2020-21

(Rs.Cr)

Particulars	FY 2020-21
Opening GFA	584.37
Additions during the Year	1.25
Closing GFA	585.62
Average GFA	584.99

3.2 Depreciation

Petitioner's submission

The petitioner presents the depreciation of NUHEP for the year FY 2020-21 true up as follows:

Table 27 : Depreciation of NUHEP for True up of FY 2020-21 (Projected)

Particulars	As per petition	As per Order	Loss/ (Gain)
Land and land rights	-	-	
Buildings	3.17		
Hydraulic Works	16.4		
Others Civil Works	1.11		
Plant and Machinery	8.44		
Lines and Cable Network	0.19		
Vehicles	0.0037		
Furniture and Fixtures	0.0049		
Office Equipment	0.0012		
Total	29.38	17.99	11.39

The Depreciation for NUHEP for FY 2020-21 approved by the Commission is Rs. 17.99 Cr.

MePGCL, requests the Commission to approve Depreciation of Rs. 29.38 Cr for NUHEP for FY 2020-21 with a gap of Rs. 11.39 Cr.

Commission's Analysis

Regulation 33.1 of MSERC MYT Regulations 2014 specifies that

- *The asset value for the purpose of depreciation shall be the historical cost of the assets as approved by the Commission where:*

The opening asset's value recorded in the Balance Sheet as per the Transfer Scheme Notification shall be deemed to have been approved, subject to such modifications as may be found necessary upon audit of the accounts, if such a Balance Sheet is not audited. Consumer contribution or capital subsidy/ grant etc shall be excluded from the asset value for the purpose of depreciation.

- *The salvage value of the assets shall be considered at 10% and depreciation shall be allowed upto maximum of 90 % of the capital cost of the asset.*
- *Depreciation shall be calculated annually as per straight-line method at the rates specified in CERC (Terms and Conditions of Tariff) Regulations,2009 as may be amended from time to time.*

Table 28 : Computation of Depreciation for NUHEP for True up of FY 2020-21

(Rs. Cr)

SI No	Particulars	Value of Assets at the beginning of the year (01.04.2020)	Additions during the Year	Asset Value at the end of the year (31.03.2021)	Average assets	90% of Assets	Rate of Dep	Depr eciation
	1	2	3	4	5	6		7
1	Land	0.48	1.18	1.66	1.07	0.96		0.00
2	Buildings	91.87		91.87	91.87	82.68	3.34%	2.76
3	Hydraulic Works	299.32	0.005	299.32	299.32	269.38	5.28%	14.22
4	Other Civil Works	31.57		31.57	31.57	28.41	3.34%	0.95
5	Plant & Machinery	155.72	0.01	155.73	155.72	140.15	5.28%	7.40
6	Lines & cables	3.43	0.05	3.48	3.455	3.10	5.28%	0.16
7	Vehicles	1.83		1.83	1.83	1.64	9.50%	0.16
8	Furniture	0.10		0.10	0.1	0.09	6.33%	0.01
9	Office Equipment	0.05		0.05	0.05	0.04	6.33%	0.00
10	Total	584.37	1.25	585.62	584.99	526.49		25.66

Commission Considers Depreciation at Rs.25.66 Crore for True up of FY 2020-21.

3.3 Return on Equity

Petitioner's submission

MePGCL submitted that the return on equity is computed as per Regulation 27 and 31 of the MSERC MYT Regulations, 2014. As per the above provisions of MSERC MYT Regulations, 2014, and the asset base of NUHEP, the Return on Equity for NUHEP for FY 2020-21 is computed as shown below:

Table 29 : Return on Equity for New Umtru HEP (Projected)

Particulars	FY 2020-21	Approved	Loss/(Gain)
Average Equity Base (Rs. Cr.)(a)	164.45		
30% of Capital Cost(b)	181.49		
Equity to be considered for RoE Calculations (c=lower of a and b)	164.45		
RoE (%) (d)	14%		
Return on Equity (Rs. Cr.) (e=c*d)	23.02	19.13	3.9

MePGCL requests the Commission to approve the Return on Equity of Rs. 23.02 Cr. for true up of FY 2020-21 for NUHEP with gap of Rs. 3.90 Cr. as computed above.

Commission's Analysis

Return on equity shall be computed as per Regulation 31 on the equity base determined in accordance with regulation 27 and shall not exceed 14%.

Table 30 : Approved Return on Equity for True up of FY 2020-21 for NUHEP

Sl.no	Particulars	Amount in Cr
	Capital cost	580.72
1	Actual Equity contribution by Govt. for FY 2020-21	132.00
2	Equity considered for FY 2019-20	164.59
3	Average Equity	148.30
4	Return on Equity @ 14% (Sl.no.3 *14%)	20.76

Commission considers Return on Equity at Rs.20.76 Crore for True up of FY 2020-21.

3.4 Operation and Maintenance Expenses

Petitioner's submission

Regulation 56 of MSERC Tariff Regulations, 2014 provides for Operation and Maintenance Expenses and is reproduced below.

"56 (7) "In case of hydro generating stations declared under commercial operation on or after 01/04/2009, O&M expenses shall be fixed at 2% of the original project cost (excluding cost of rehabilitation and resettlement works) and shall be subject to annual escalation at 5.72% for the subsequent years."

NUHEP achieved CoD after 1.07.2017 and, therefore, its O & M expenses are fixed as per Regulation 56 (7) at 2% of ProjectCost. For trueing up, the O & M expenses are based as per order on approval of Capital cost of NUHEP.

Table 31 : O&M Expenses for New Umtru HEP for FY 2020-21 (Projected)

Particulars	(Rs. Cr.)		
	As per true up petition	Approved	Gap/(Surplus)
Employee Benefits Expense	13.72		
Repairs and Maintenance			
Administrative and General Expenses			
Total	13.72	13.72	0

MePGCL requests the Commission to approve the O&M expenses of Rs. 13.72 Cr. for NUHEP for FY 2020-21 which is the same as in the tariff order.

Commission's Analysis

As per Regulation 56.1 O&M expenses shall mean the total of all expenditure under the following heads:

- (a) Employee Cost
- (b) Repairs and Maintenance
- (c) Administration and General Expenses.

Regulation 56.7 specifies:-

In case of hydro generating stations declared under commercial operation on or after 01/04/2009, O&M expenses shall be fixed at 2% of the original project cost (excluding cost of rehabilitation and resettlement works) and shall be subject to annual escalation at 5.72% for the subsequent years.

Commission considers the O&M Expenses at Rs.13.72 Crore as per the Regulations for True up of FY 2020-21.

3.5 Interest and Finance charges

Petitioner's submission

Regulation 32 read with regulation 27 of the MYT Regulations, 2014 provides the guidelines for computation of interest and finance charges. The relevant section of the regulation is reproduced below.

32 Interest and finance charges on loan capital

32.1 Interest and finance charges on loan capital shall be computed on the outstanding loans, duly taking into account the schedule of loan repayment, terms and conditions of loan agreements, bond or debenture and the lending rate specified therein.

Provided that the outstanding loan capital shall be adjusted to make it consistent with the loan amount determined in accordance with regulation 27."

As shown in the section 5.2 (Table-22) above, loan component for Capital cost of NUHEP is Rs. 440.30 Cr and the utility is fulfilling the interest obligations as on date.

The Interest on Loan is computed by considering interest obligation for the project loan. The loan statement along with repayment schedule is shown below. This is as per the audited accounts of MePGCL (Note 16 - Financial Liabilities (Borrowings): NUHEP Head).

Table 32 : Details of Loans for FY 2020-21 New Umtru HEP (Projected)

(Rs. in Cr)							
Sl. No	Particulars	Opening Balance (a)	Rate of Interest (b)	Addition during the year (c)	Repayment made (d)	Closing Balance (e=a+c-d)	Interest Accrued
1	PFC Loan NUHEP	377.25	11.75%	22.66	15.58	384.33	32.32

The Interest on loan for NUHEP for FY 2020-21 approved by Commission is Rs. 25.69 Cr. MePGCL requests the Commission to approve Rs. 32.32 Cr as interest on loan for NUHEP in the true up for FY 2020-21 with a gap of Rs 6.63 Cr.

Commission's Analysis

The petitioner has claimed Interest on Finance charges computed at 8.41% instead of 11.75 % and claimed at Rs.32.32 Crore for True up of FY 2020-21.

Regulation 32.1 of MSERC MYT Regulations 2014 specifies that-

32.1-Interest and finance charges on loan capital shall be computed on the outstanding loans, duly taking into account the schedule of loan repayment, terms and conditions of loan agreements, bond or debenture and the lending rate specified therein.

Provided that the outstanding loan capital shall be adjusted to make it consistent with the loan amount determined in accordance with regulation 27.

Commission has not considered addition of the loan claimed for Rs.22.66 Crore and the repayment considered at Rs.31.45 Crore as against Rs.15.58 Crore projected by the petitioner.

Table 33 : Computation of Interest and Finance charges of New Umtru HEP for FY 2020-21
(Rs. Cr)

Sl. No.	Particulars	Opening Balance (a)	Rate of Interest (b)	Repayment during the year (c)	Closing Balance (d=a-c)	Average Loan (e=a+d/2)	Interest Admissible (f=e*b)
1	PFC Loan NUHEP	343.46	11.75 %	31.45	312.01	327.74	38.51

Commission considers Interest and Finance charges at Rs. 32.32 crore as claimed by the MePGCL for True up of FY 2020-21.

3.6 Interest on Working Capital

Petitioner's submission

In accordance with the regulations, the Interest on Working Capital for NUHEP is computed below:

Table 34 : Interest on Working Capital for FY 2020-21 (Projected)

Particulars	As per petition	As per Order	Gap/ (Surplus)
O&M expenses for one month (Rs. Cr.) (a) (13.72/12: O&M of 13.72 is for 12 months)	1.14		
Maintenance spares @ 15% of O&M expenses (b) (Rs. Cr) (13.72*15%*1.06)	2.18		
Receivables equivalent to two months of Fixed cost (Rs. Cr.) (c) (101.04 *2/12)	16.84		
Total Working Capital Requirements (Rs. Cr.) (d=a+b+c)	20.16		
SBI PLR as on 1st April of the respective Financial Year (%) (e)	12.75%		
Interest on Working Capital (Rs. Cr.) (f=d*e)	2.57	1.94	0.63

The IWC for NUHEP for FY 2020-21 approved by Commission is Rs. 1.94 Cr.

MePGCL requests the Commission to approve the gap of Rs. 0.63 Cr on Interest on Working Capital as computed above for FY 2020-21 for NUHEP.

Commission's Analysis

As per the Regulations 34.1(iii) *interest on working capital shall be allowed on the following components for determination of Tariff.*

- *O&M Expenses for one (1) month*
- *Maintenance Spares at 15% of O&M expenses escalated at 6%*
- *Receivables equivalent to two (2) months of Fixed cost*

The Interest on working capital is computed as depicted in the table below

Table 35 : Computation of Interest on Working Capital for True up of FY 2020-21

Sl.No	Particulars	Rs. Cr
1	O&M expenses for one month (13.72 /12)	1.14
2	Maintenance spares @ 15% of O&M expenses (13.72*15%*6%)	2.18
3	Receivables equivalent to two months of Fixed cost (92.45*2/12)	15.41
4	Total Working Capital Requirements (4=1+2+3)	18.73
5	SBI PLR as on 1st April of the respective Financial Year (%)	12.90 %
6	Interest on Working Capital (6=4*5)	2.42

Commission considers Interest on Working capital at Rs.2.42 Crore for true up of FY 2020-21 for NUHEP.

3.7 Revenue from Operations

Petitioner's Submission

MePGCL has received Revenue of Rs.19.78 Cr. for NUHEP from MePDCL towards sale of power for FY 2020-21 based on the AFC as per MYT order dated 25-03-20.

Commission's Analysis

Commission considers Revenue from Generation for NUHEP at Rs.19.78 Crore for true up of FY 2020-21

3.8 Prior Period Items

The Prior Period expenses of NUHEP for FY 2020-21 is NIL.

3.9 Non Tariff Income

Petitioner's Submission

The Non Tariff income of NUHEP for FY 2020-21 was Rs. 0.01 crore.

Commission's Analysis

Commission considers Non Tariff Income at Rs.0.01 Crore as claimed by the MePGCL.

3.10 Summary of Annual Fixed Cost – New Umtru HEP

Petitioner's submission

The summary of Annual Fixed Cost approved by the Commission for NUHEP vis-à-vis actuals as per the Audited Statement of Accounts for FY 2020-21 is given below:

Table 36 : Summary of Annual Fixed Cost (Approved vis-à-vis Actual) FY 2020-21 (Projected)
(Rs. Cr.)

Particulars	As per petition	As per Order	Loss/ (Gain)
Depreciation	29.39	-	
Return on Equity	23.04	-	
O&M Expenses	13.72	-	
Interest and Finance Charges	32.32	-	
Interest on working capital	2.57	-	
SLDC Charges	-	-	
Total Annual Fixed Cost (AFC)	101.04		
Less: Prior period expenses	-		
Less: Non-Tariff Income	(-) 0.01	-	-
Net AFC	101.03	19.92	
Revenue from operations	19.78		
Gap/ (Surplus)	81.25		81.25

MePGCL requests the Commission to pass through the additional gap of (+) Rs.81.25Cr. for NUHEP under the truing up of FY 2020-21 to be adjusted in the AFC of FY 2023-24

Commission's Analysis

Commission has examined the petition for New Umtru project, analyzed considering the audited statement of accounts after prudent check with reference to the Regulations approves the ARR for True up of FY 2020-21 as depicted in the table below.

Table 37 : Approved ARR for NUHEP for True up of FY 2020-21

(Rs. Cr.)

Sl. No	Particulars	As per Tariff Order	Actuals	Approved for True up FY 2020-21
1	Depreciation	17.99	29.39	25.66
2	Return on Equity	19.13	23.04	20.76
3	O&M Expenses	13.72	13.72	13.72
4	Interest and Finance Charges	25.69	32.32	32.32
5	Interest on working capital	1.94	2.57	2.42
6	SLDC Charges	1.15	-	-
	Total Annual Fixed Cost (AFC)	78.67	101.04	94.88
7	Less: Non-Tariff Income	0.12	0.01	0.01
	Net AFC	78.55	101.03	94.87

Commission approves Annual Fixed Cost at Rs. 94.87 Crore for True up of FY 2020-21.

4. TRUE UP OF ARR FOR LAKROH MHP for FY 2020-21

4.1 Gross Fixed Assets & Depreciation

Petitioner's Submission

The GFA of Lakroh MHP for FY 2020-21, as per the Statement received from Accounts wing is Rs. 25.72 Cr.

Table 38 : Value of Asset and Depreciation for Lakroh MHP for FY 2020-21 (Projected)

(Rs. in Cr.)

Name of Assets	Value of Asset at the beginning of the year (Actual)	Addition during the year (Actual)	Value of Asset at the end of the year (Actual)	Rate of Depreciation (%)	Depreciation		
					True up Petition	Approved as per order	Gap/ (Surplus)
Land and land rights	0.0027	-	0.0027		-		
Buildings	2.25	0.18	2.44	3.34	0.08		
Hydraulic Works	9.35	0.27	9.62	5.28	0.50		
Others Civil Works	1.80	0.41	2.21	3.34	0.06		
Plant and Machinery	9.77	0.24	10.01	5.28 & 6.33	0.52		
Lines and Cable Network	1.15	0.26	1.41	5.28	0.06		
Vehicles	-	-	-	9.50	-		
Furniture and Fixtures	0.01	-	0.001	6.33	0.007		
Office Equipment	0.0086	0.001	0.0096	6.33	0.006		
Assets not in use	-	-	-		-		
Total	24.35	1.36	25.72		1.25	0.32	0.93

MePGCL requests the Commission to allow a true up gap of Rs.0.93 Cr as Depreciation gap for Lakroh MHP in the true up of FY 2020-21

Commission's Analysis

GFA

Commission had approved the GFA at Rs.21.05 Crore for the True up of FY 2019-20.

MePGCL has filed capitalization for Rs.1.36 Crore during the FY 2020-21.

Particulars	Amount in Cr
Opening GFA	21.05
Additions during FY 2020-21	1.36
Closing GFA	22.41

Commission considers GFA at Rs.22.41 Crore for True up of FY 2020-21

Depreciation

Regulation 33.1 of MSERC MYT Regulations 2014 specifies that

- *The asset value for the purpose of depreciation shall be the historical cost of the assets as approved by the Commission where:*

The opening asset's value recorded in the Balance Sheet as per the Transfer Scheme Notification shall be deemed to have been approved, subject to such modifications as may be found necessary upon audit of the accounts, if such a Balance Sheet is not audited. Consumer contribution or capital subsidy/ grant etc shall be excluded from the asset value for the purpose of depreciation.

- *The salvage value of the assets shall be considered at 10% and depreciation shall be allowed upto maximum of 90 % of the capital cost of the asset.*
- *Depreciation shall be calculated annually as per straight-line method at the rates specified in CERC (Terms and Conditions of Tariff) Regulations,2009 as may be amended from time to time.*

Table 39 : Approved Depreciation for Lakroh MHP for FY 2020-21

(Rs. Cr.)

Name of Assets	Value of Asset at the beginning of the year	Addition during the year	Value of Asset at the end of the year	Average Assets	90% of assets	Rate of Depreciation (%)	Depreciation for FY 2020-21
Land and land rights		-					-
Buildings	2.18	0.18	2.36	2.27	2.04	3.34	0.07
Hydraulic Works	8.98	0.27	9.25	9.115	8.20	5.28	0.43
Others Civil Works	1.73	0.41	2.14	1.935	1.741	3.34	0.06
Plant and Machinery	7.05	0.24	7.29	7.17	6.45	5.28	0.34
Lines and Cable Network	1.10	0.26	1.36	1.23	1.11	5.28	0.06
Vehicles		-	0	0	0	9.50	0
Furniture and Fixtures	0.009	-	0.009	0.009	0.008	6.33	0.00
Office Equipment	0.007	0.001	0.008	0.0075	0.006	6.33	0.00
Total	21.05	1.36	22.41	21.74	19.56		0.90
Average rate of Depreciation							4.14 %
Govt Grants and Contributions				11.75			
Less: Depreciation on Grants							0.49
Net Depreciation							0.41

Commission considers depreciation at Rs. 0.41 Crore for True up of FY 2020-21.

4.2 Return on Equity

Petitioner's Submission

The equity- debt ratio is determined as per MSERC (Terms and Conditions for determination of tariff for generation from Renewable Energy Sources), Regulations, 2014

"17. Debt – Equity Ratio

(1). For determination of generation tariff, the debt-equity ratio shall be 70:30....."

Table 40 : Return on Equity for Lakroh MHP for FY 2020-21 (Projected)

(Rs. Cr)

Particulars	True up Petition	Approved as per order	Gap/(Surplus)
Opening GFA	24.35		
Closing GFA	25.72		
Average GFA	25.03		
Debt (70% GFA)	17.52		
Equity (30% of GFA)	7.51		
RoE (%)	14%		
Return on Equity (in Rs. Cr.)	1.05	0.31	0.74

MePGCL requests the Commission to allow true up gap of Rs.0.74Cr. as ROE for FY 2020-21 for Lakroh MHP.

Commission's Analysis

Return on equity shall be computed as per Regulation 31 on the equity base determined in accordance with regulation 27 read with 28.10 and shall not exceed 14%.

Table 41 : Approved Return on Equity for Lakroh MHP for True up of FY 2020-21

Particulars	In Rs. Cr
Opening GFA	21.05
Addition during the year	1.36
Closing GFA	22.41
Average GFA	21.73
Less: Govt. Grants	11.75
Net GFA	9.98
Debt (70% GFA)	6.99
Equity (30% of GFA)	2.99
RoE (%)	14%
Return on Equity	0.42

Commission considers Return on equity at Rs.0.42 Crore for True up of FY 2020-21.

4.3 Operation and Maintenance Expenses

Petitioner's Submission

Since the segregated O&M expenses of Lakroh MHP are not available, the O&M expense for Lakroh MHP is calculated as approved by the Commission in its order dated 25-03-2021 for Approved of Capital Cost of Lakroh MHP at page-49, Table-3.4, i.e., at Rs.0.54 crore.

Table 42 : O&M expenses for Lakroh MHP for FY 2020-21 (Projected)

(Rs.Cr)

O & M expenses for Lakroh MHP	True up Petition	Approved as per order	Gap/(Surplus)
O&M expenses for FY 2020-21 (escalated at 5.72%) including ROP @ 27%	0.54	0.54	-

MePGCL requests the Commission to allow the O&M expenses of Rs.0.54 Cr for Lakroh MHP for FY 2020-21.

Commission's Analysis

As per Regulation 56.1 O&M expenses shall mean the total of all expenditure under the following heads:

- (a) Employee Cost
- (b) Repairs and Maintenance
- (c) Administration and General Expenses.

Regulation 56.7 specifies:-

In case of hydro generating stations declared under commercial operation on or after 01/04/2009, O&M expenses shall be fixed at 2% of the original project cost (excluding cost of rehabilitation and resettlement works) and shall be subject to annual escalation at 5.72% for the subsequent years.

Considering the RoP impact, O&M expenses are approved at Rs.0.54 Crore for True up of FY 2020-21.

4.4 Interest and Finance charges

Petitioner's Submission

Based on the segregated Statement of Accounts for Lakroh MHP, MePGCL requests the Commission to allow Rs.0.43 Cr. towards Interest & Finance Charges for FY 2020-21 as shown in the following table:

Table 43 : Details of loan for Lakroh MHP for FY 2020-21

(Rs. Cr)							
Sl No	Particulars	Opening Balance	Rate of interest	Addition during the year	Repayment during the year	Closing balance	Interest Accrued
1		3	4	5	6	7	8
1	PFC Loan Lakroh	5.87	10.50%	2.96	0	6.17	0.43
	Total	5.87		2.96	0	6.17	0.43

Commission's Analysis

Regulation 32.1 of MSERC MYT Regulations 2014 specifies that-

32.1-Interest and finance charges on loan capital shall be computed on the outstanding loans, duly taking into account the schedule of loan repayment, terms and conditions of loan agreements, bond or debenture and the lending rate specified therein.

Provided that the outstanding loan capital shall be adjusted to make it consistent with the loan amount determined in accordance with regulation 27.

The MePGCL is entitled for a loan of Rs.5.10 Crore for completion of Lakroh project as per the Regulation 32.1 read with Regulation 27 after deducting the Govt. Grants from the Project cost.

Whereas the MePGCL has so far availed loan at Rs.5.87 Crore.

The MePGCL has projected additional loan of Rs.2.96 Crore and has not projected any Repayment of the loan for FY 2020-21.

Commission considers no further borrowing shall be permitted for determination of Tariff as per the Regulations.

Commission considers 10% of outstanding loan shall be deducted for computation of Interest for True up of FY 2020-21.

Accordingly Commission has computed Interest and Finance charges as depicted in the table below.

Table 44 : Computation of Interest on loan for FY 2020-21 for LAKROH MINI HEP

(Rs. Cr)

Sl. No.	Particulars	Opening Balance (a)	Addition during the year (b)	Repayment during the year (c)	Closing Balance (d=a+b-c)	Average Loan e=(a+d)/2	Rate of Interest (f)	Interest Accrued (g=e*f)
1	10.50% PFC Loan NUHEP	5.51	0.00	0.55	4.96	5.24	10.50%	0.55

Petitioner has claimed Interest and Finance charges at Rs.0.43 Crore for True up of FY 2020-21.

Commission considers Interest and Finance charges at Rs.0.43 Crore as claimed by the petitioner for True up of FY 2020-21.

4.5 Interest on Working Capital

Petitioner's Submission

The IWC is calculated on normative basis as provided in the Regulations. The Interest on Working Capital for true up of FY 2020-21 for Lakroh MHP is presented in the table below:

Table 45 : Interest on Working Capital for FY 2020-21 (Projected)

(Rs. In Cr.)

Sl. No.	Particulars	True up Petition	Approved as per order	Gap/(Surplus)
1	O&M Expense for 1 month	0.045	0.05	0.037
2	Maintenance Spare at 15% O&M*1.06	0.085		
3	Receivables for 2 months	0.55		
4	Total Working Capital (1+2+3)	0.682		
5	SBI short term PLR	12.75%		
6	Interest on Working Capital	0.087		

MePGCL requests the Commission to allow a true up gap of Rs.0.037 Cr. as Interest on Working Capital for true up of FY 2020-21 for Lakroh MHP.

Commission's Analysis

As per the Regulations 34.1(iii) *interest on working capital shall be allowed on the following components for determination of Tariff.*

- O&M Expenses for one (1) month
- Maintenance Spares at 15% of O&M expenses escalated at 6%
- Receivables equivalent to two (2) months of Fixed cost

The Interest on working capital is computed as depicted in the table below

Commission approves interest on working capital as per Regulations as depicted below.

Table 46 : Computation of Interest on Working Capital for FY 2020-21

(Rs. Cr.)

S.no	Particulars	Lakroh
1	O&M expenses for one month (0.54 /12)	0.05
2	Maintenance spares @ 15% of O&M expenses (0.54*15%*6%)	0.09
3	Receivables equivalent to two months of Fixed cost (1.80 *2/12)	0.30
4	Total Working Capital Requirements (4=1+2+3)	0.44
5	SBI PLR as on 1st April of the respective Financial Year (%)	12.90 %
6	Interest on Working Capital (Rs. Cr.) (6=4*5)	0.06

Commission considers interest on working capital at Rs.0.06 Crore for True up of FY 2020-21.

4.6 Prior Period Items & Non-Tariff Income

Petitioner's Submission

The Prior Period Expense & Non-Tariff Income for Lakroh MHP for FY 2020-21 is NIL.

4.7 Revenue from Operations

Petitioner's Submission

As per the segregated statement received from Accounts wing, the revenue for FY 2020-21 is Rs.0.50 Cr for Lakroh MHP.

Commission's Analysis

Commission considers Revenue from Operations at. Rs.0.50 Crore as claimed by the MePGCL for True up of FY 2020-21.

4.8 Annual Fixed Cost and Revenue Gap/Surplus for FY 2020-21

Petitioner's Submission

The summary of Annual Fixed Cost approved by the Commission for Lakroh MHP vis-à-vis actuals as per the Statement of Accounts for FY 2020-21 is given below:

Table 47 : Summary of Annual Fixed Cost (Approved vis-à-vis Actual) FY 2020-21 (Projected)

Particulars	Actual as per Statement received from Accounts	Approved	Gap/ (Surplus)
a	b	c	d=(b-c)
Depreciation	1.25		
Return on Equity	1.05		
O&M Expenses	0.54		
Interest and Finance Charges	0.43		
Interest on working capital	0.087		
SLDC Charges	-		
Net Prior Period Items: Income (-)/ Expense	-		
Total Annual Fixed Cost (AFC)	3.357		
Less: Non-Tariff Income			
Net AFC	3.357	0.75	
Revenue from operation	0.50		
GAP/SURPLUS	2.857		(+) 2.857

MePGCL requests the Commission to pass through the **additional gap of Rs. 2.857 Cr.** under the truing up of FY 2020-21 for Lakroh MHP to be adjusted in the Tariff for FY 2023-24.

Commission's Analysis

Commission has examined the petition for Lakroh project, analyzed considering the audited statement of accounts after prudent check with reference to the Regulations approves the ARR for True up of FY 2020-21 as depicted in the table below.

Table 48 : Approved ARR for LAKROH MINI HEP for True up of FY 2020-21

(Rs. Cr.)

Sl.No	Particulars	Claimed for True up	Approved for True up
1	Depreciation	1.25	0.41
2	Return on Equity	1.05	0.42
3	O&M Expenses	0.54	0.54
4	Interest and Finance Charges	0.43	0.43
5	Interest on working capital	0.087	0.06
6	SLDC Charges	-	-
7	Net Prior Period Items: Income (-)/ Expense	-	-
	Total Annual Fixed Cost (AFC)	3.357	1.86
8	Less: Non-Tariff Income		
	Net AFC	3.357	1.86

Commission approves Annual Fixed Cost at Rs.1.86 Crore for True up of FY 2020-21.

5. TRUE UP OF ARR FOR MePGCL OLD PROJECTS INCLUDING SONAPANI FOR FY 2020-21

5.1 Gross Fixed Assets

Petitioner's Submission

The opening and closing GFA of Old Plants including Sonapani for FY 2020-21, as per the Audited Statement of Accounts and segregated accounts of MePGCL is shown in the table below:

Table 49 : Gross Fixed Assets of MePGCL's Old Plants (Including Sonapani) for FY 2020-21

Particulars	(Rs. In Cr.)				
	MePGCL as a whole	MLHEP	NUHEP	Lakroh MHP	MePGCL's Old Plants (including Sonapani)
	(a)	(b)	(c)	(d)	(e=a-b-c-d)
Opening GFA	2343.62	1285.52	604.13	24.35	429.62
Closing GFA	2346.31	1,285.52	605.38	25.72	429.69
Average GFA	2344.96	1285.52	601.33	25.03	429.65

a: As per abstract from MePGCL's SOA for FY 2020-21 without Ind AS adjustment (Annexure D)

b: MLHEP asset as per section 4.0 of the petition

c: NUHEP asset as per Section 5.0 of the petition

d. Lakroh asset as per Section 6.0 of the petition

Commission's Analysis

The MePGCL has projected addition of the Capital cost at Rs.2.69 Crore vide note no.02 in the audited statement of accounts for FY 2020-21.

Project Wise break up of Addition of Assets during FY 2020-21 are as stated below:

New Umtru	1.25
Lakroh	1.36
MePGCL Old projects	0.07
Total addition of Capital cost	2.69

The MePGCL shall reconcile the figures adopted by the commission in the determination of Tariff and ensure to project the Gross fixed assets as approved by the Commission in all the future petitions.

Commission had approved GFA of MePGCL Old projects including sonapani at Rs.51.38 Crore for the FY 2019-20.

The GFA of MePGCL as a whole is considered for True up of FY 2020-21 as depicted in the table below.

Table 50 : Approved Gross Fixed Assets of MePGCL as whole for True up of FY 2020-21

(Rs. Cr.)

Particulars	MePGCL as a whole	MLHEP	NUHEP	Lakroh MHP	MePGCL's Old Plants (including Sonapani)
	(a)	(b)	(c)	(d)	(e=a-b-c-d)
Opening GFA	1942.51	1285.71	584.37	21.05	51.38
Additions	2.69	0.00	1.25	1.36	0.07
Closing GFA	1945.20	1285.71	585.62	22.41	51.45
Average GFA	1943.85	1285.71	584.99	21.74	51.42

The MePGCL shall ensure to quote the above approved GFA figures in all the future petitions and documents.

5.2 Depreciation

Petitioner's Submission

The Commission had considered Rs.45.03 Cr. towards Depreciation for MLHEP and Old projects FY 2020-21. Now based on the actual figures and assets capitalized, MePGCL requests the Commission to allow the actual depreciation of Rs. 15.14 Cr. for true up of FY 2020-21 for Old Plants & Sonapani as shown below:

Table 51 : Depreciation of Assets for FY 2020-21 (Projected)

(Rs. Cr.)

Particulars	MePGCL (a)	Leshka (b)	New Umtru (c)	Lakroh (d)	Old Plants + Sonapani (a-b-c-d)	Approved by MSERC
Depreciation on Land and land rights	-	-	-	-	-	The approved amount of depreciation was Rs. 45.03 vide order dated 25-03-2020, for MLHEP and Old projects
Depreciation on Buildings	8.42	4.9	3.17	0.008	0.352	
Depreciation on Hydraulic Works	52.02	32.89	16.45	0.50	2.20	
Depreciation on Others Civil Works	6.06	4.1	1.11	0.007	0.833	
Depreciation on Plant and Machinery	39.66	19.23	8.44	0.52	11.51	
Depreciation on Lines and Cable Network	0.57	0.24	0.19	0.007	0.133	
Depreciation on Vehicles	0.08	0.04	0.0037		0.034	
Depreciation on Furniture and Fixtures	0.12	0.005	0.005	0.0007	0.11	
Depreciation on Office Equipment	0.10	0.01	0.0012	0.0006	0.088	
Apportioned Depreciation from MeECL	0.09					
Total	107.19	61.41	29.39	1.25	15.14	

Depreciation schedule for the MePGCL's assets is as per abstract from the SOA of MePGCL for FY 2020-21. Depreciation schedule for MLHEP, NUHEP and Lakroh is as per sections 4,5& 6, respectively. Depreciation for Old plants including Sonapani is arrived at after adjusting depreciation of NUHEP, MLHEP and Lakroh in MePGCL's total Depreciation.

Commission's Analysis

Regulation 33.1 of MSERC MYT Regulations 2014 specifies that

- *The asset value for the purpose of depreciation shall be the historical cost of the assets as approved by the Commission where:
The opening asset's value recorded in the Balance Sheet as per the Transfer Scheme Notification shall be deemed to have been approved, subject to such modifications as may be found necessary upon audit of the accounts, if such a Balance Sheet is not audited. Consumer contribution or capital subsidy/ grant etc shall be excluded from the asset value for the purpose of depreciation.*
- *The salvage value of the assets shall be considered at 10% and depreciation shall be allowed upto maximum of 90 % of the capital cost of the asset.*
- *Depreciation shall be calculated annually as per straight-line method at the rates specified in CERC (Terms and Conditions of Tariff) Regulations,2009 as may be amended from time to time.*

MePGCL has Reported Govt. Grants and subsidies received against PSDF projects and Dam rehabilitation (DRIP) vide note no. 17.1 of Audited SOA for Rs.2.24 Crore for FY 2020-21.

The petitioner has disclosed the Grants received for Capital assets (State Govt.) for survey and investigation and preparation of DPR against Selim HEP, Umngot HEP, Nongkohlait HEP, Mawblei HEP and MLHEP stage II for Rs.5.59 Crore vide note no.15.2 of SOA. This has been disclosed as Equity Share Capital Pending Allotment during the FY 2020-21. The above transaction shall be Regulated after due procedure has been notified from the Govt. The same shall be appropriated as Capital Grants and adjusted in the MLHEP ARR for FY 2020-21 for depreciation and RoE.

The opening Grants for MePGCL old projects as on 01.04.2020 shall be Rs.2.05 Crore and closing grants as on 31.03.2021 reported at Rs.2.24 Crore as on 31.03.2021.

Thus average Grants shall be at Rs.2.14 Crore against MePGCL old projects to be considered for True up of FY 2020-21.

Table 52 : Approved Depreciation of MePGCL Old projects for True up of FY 2020-21

Sl.no	Particulars	Amount in Cr
1	GFA as on 31.03.2020	51.38
2	Additions during FY 2020-21	0.07
3	Total	51.45
4	Average Assets for FY 2020-21	51.42
5	90% of Average Assets	46.28
6	Deprecation at 5.28%	2.44
7	Average Grants available	2.14
8	Less: Dep on Grants (2.14*5.28%)	0.11
9	Net Depreciation (Sl.no 6-8)	2.33

Commission approves depreciation at Rs. 2.33 Crore for MePGCL Old Projects in the True up of FY 2020-21.

5.3 Return on Equity

Petitioner's Submission

As per Audited Statement of Accounts for MePGCL for FY 2020-21, the average equity base has been considered as Rs. 803.95 Cr. Based on this, Equity base for Sonapani and old plants is Rs. 34.49 Cr as shown in the tables below:

Table 53 : Return on Equity for MePGCL FY 2020-21

Particulars	MePGCL
Equity Share Capital as on 31st March 2021 (a) (Rs. Cr)(Note 14 of MePGCL Accounts)	803.95
RoE (%) (b)	14%
Return on Equity (c=a*b) (Rs. Cr)	112.55

Table 54 : Return on Equity for Old Plants & Sonapani for FY 2020-21 (Projected)

Particulars	MePGCL (a)	Leshka HEP (b)	New Umtru HEP (c)	Lakroh (d)	Old Plants + Sonapani (a-b-c)	As per Order
Equity considered for true up (1) (Rs. Cr)	803.95	385.65	164.45	7.51	246.34	The approved amount of ROE was Rs. 48.70 Cr. vide order dated 25-03-2020, including MLHEP and Old Projects
RoE (%) (2)	14%	14%	14%	14%	14%	
Return on Equity (Rs. Cr.) (3=1*2)	112.55	54.00	23.02	1.05	34.49	

MePGCL would like to submit that the issue of Return on Equity of MeECL& its subsidiaries vs. methodology of MSERC (APTEL Case no 46 of 2015& 367 of 2017) is still subjudice. The utility is reiterating the fact that the claim of MePGCL is in line with the MSERC MYT Regulations. For the sake of brevity, MePGCL is not reiterating the grounds and the justification for the claim here since the matter is subjudice. Hence, the utility would like to

retain its methodology as per the past petitions & stand on equity base determination which is in line with MSERC Regulations and the Transfer Notification Scheme of the State Government.

MePGCL requests the Commission to approve the Return on Equity of Rs. 34.49 Cr for true up of FY 2020-21 for Old plants including Sonapani as computed above.

Commission's Analysis

Return on equity shall be computed as per Regulation 31 on the equity base determined in accordance with regulation 27 read with 28.10 and shall not exceed 14%.

MePGCL has Reported Govt. Grants and subsidies received towards PSDF projects and Dam rehabilitation (DRIP) vide note no. 17.2 of Audited SOA for Rs.2.24 Crore for FY 2020-21 which has been appropriated in the table below.

Table 55 : Approved ROE for MePGCL Old projects for FY 2020-21

Sl. no	Particulars	Amount in Cr
1	Opening GFA Considered for MePGCL Old projects as on 31.03.2020	51.38
2	Additions during the year	0.07
3	Closing GFA as on 31.03.2021	51.45
4	Average GFA	51.42
5	Less : Average Grants available $((2.05+2.24)/2)$	2.14
6	Net GFA	49.28
7	30% equity considered for FY 2020-21	14.78
8	30% equity considered in FY 2019-20	14.78
9	Average Equity	14.78
10	ROE at 14%	2.07

Commission approves Return on Equity at Rs.2.07 Crore for True up of FY 2020-21.

5.4 Operation and Maintenance Expenses

Petitioner's Submission

Commission had approved Rs. 67.18 Cr. towards O&M Expenses for AFC of FY 2020-21 for MePGCL's Old Plants and Sonapani and MLHEP. The O&M expenses of MePGCL as a whole based on the audited statement of Accounts for FY 2020-21 are shown in the tables below:

Based on the total MePGCL's O&M expenses, the O&M expenses for Old Plants including Sonapani is arrived at by adjusting the O&M expenses for NUHEP, MLHEP and Lakroh, as shown in the table below:

Table 56 : O&M Expenses for Old Plants including Sonapani for FY 2020-21 (Projected)**(Rs. In Cr)**

Particulars (a)	MePGCL + MeECL Apportioned (b)	For Leshka (c)	For NUHEP (d)	For Lakroh (e)	Total Old Plants (f=b-c-d-e)	As per Order
Employee Cost	134.46	42.53	13.72	0.54	90.52	The approved amount of O & M was Rs.67.18 Cr. vide order dated 25-03-2020, including MLHEP and Old projects
A&G Expenses	5.33					
R&M Expenses	7.52					
Total	147.31					

MePGCL requests the Commission to allow Rs. 90.52 Cr of O&M expenses for Old Plants including Sonapani as shown in the table above in the true up of FY 2020-21.

Commission's Analysis

As per Regulation 56.1 O&M expenses shall mean the total of all expenditure under the following heads:

- (a) Employee Cost
- (b) Repairs and Maintenance
- (c) Administration and General Expenses.

Regulation 56.7 specifies:-

In case of hydro generating stations declared under commercial operation on or after 01/04/2009, O&M expenses shall be fixed at 2% of the original project cost (excluding cost of rehabilitation and resettlement works) and shall be subject to annual escalation at 5.72% for the subsequent years.

Commission had approved O&M expenses for FY 2019-20 at Rs.31.47 Crore for MePGCL old projects.

Now Commission considers O&M expense for FY 2020-21 by escalating at 5.72% over FY 2019-20 for True up of FY 2020-21 at Rs.33.27 Crore.

MePGCL has projected apportionment of Holding company employee benefit expenses at Rs.66.39 crore which includes Rs.53.18 Crore towards pension and other related expenses which shall be met from Trust funds. The remaining apportionable Employee benefit

expenses of Holding company amounted at Rs.13.20 Crore shall be absorbed in the O&M expenses of MePGCL for True up of FY 2020-21.

MePGCL has projected 1/3rd apportionable employee benefit expenses of Rs.7.44 Crore out of the total claim of Rs.22.31 Crore.

The breakup furnished by MePDCL in their letter dated 22.12.2022 for Rs.22.31 Crore reveals Rs.17.73 Crore representing DCRG pension contribution of deputationists which shall be met from Trust Funds.

Thus the remainder of Rs. 22.31 Crore for Rs.4.58 Crore has to be shared among three subsidiaries at Rs.1.53 Crore for True up of FY 2020-21.

The MePGCL has proposed capitalization of the expenses as detailed below for FY 2020-21

Particulars	Amount in Rs
Employee benefit expenses capitalized (Note no.27 of SOA)	4,96,40,615.00
Depreciation expenses capitalized (Note no.29 of SOA)	1,808.00
Other expenses capitalized (Note no.30 of SOA)	1,30,36,581.00
Total	6,26,79,004.00

Table 57 : Approved O&M expenses for True up of FY 2020-21 for MePGCL Old Projects
(Rs.Cr)

Particulars	MePGCL	1/3 rd MeECL	Total
O&M Expenses of MePGCL Old projects	33.27		33.27
1/3 rd MeECL Holding Company Employee benefit expenses		13.20	13.20
Apportionable Employee expenses of MeECL		1.53	1.53
1/3 rd of MeECL R&M and Adm General Expenses		3.13	3.13
Gross O&M expenses			51.13
Less: Expenses capitalized			6.27
Net O&M expenses for True up			44.86

Commission considers O&M expenses at Rs.44.86 Crore for True up of FY 2020-21.

5.5 Interest and Finance Charges

Petitioner's Submission

Based on the MePGCL's Statement of Accounts for FY 2020-21 (Note 16.7) and MeECL's Statement of Accounts for FY 2020-21 (Note 23& 23.1), MePGCL requests the Commission to allow Rs. 14.82 Cr. towards Interest & Finance Charges as shown below.

Table 58 : Interest and Finance Charges for Old Plants including Sonapani (Projected)
(Rs.Cr)

Particulars	MePGCL SOA (a)	MeECL SOA (b)	Total Old Plants c =(a+b)	As per Order
Amount of interest paid	1.39	13.43 (1/3 of 40.76)	14.82	The approved amount of Interest and finance charges was Rs.47.45 Cr. vide order dated 25-03-2020, including MLHEP and Old Projects.

Detailed Statement of all the Loans along with the purpose of loans is given in Note 16.7 of MePGCL 's SOA and Note 23 & 23.1 of MeECL's SOA for FY 2020-21.

Commission's Analysis

Regulation 32.1 of MSERC MYT Regulations 2014 specifies that-

32.1-Interest and finance charges on loan capital shall be computed on the outstanding loans, duly taking into account the schedule of loan repayment, terms and conditions of loan agreements, bond or debenture and the lending rate specified therein.

Provided that the outstanding loan capital shall be adjusted to make it consistent with the loan amount determined in accordance with regulation 27.

As per the note no.16 of audited accounts, no fresh borrowings reported against MePGCL old projects, the interest and finance charges claimed shall not be considered.

The interest on capital loans shall be eligible for determination of Tariff as per Regulations and 1/3rd interest cost projected against MeECL for other than capital works shall not be considered.

Commission considers no interest cost shall be admissible against MePGCL old projects for True up of FY 2020-21.

5.6 Interest on Working Capital

Petitioner's Submission

Commission had allowed Rs. 6.70 Cr. for MePGCL's Old Plants & Sonapani and MLHEP towards Interest on Working Capital for AFC of FY 2020-21. As per the relevant norms for working capital provided in MSERC MYT Regulations 2014, MePGCL requests the Commission to allow Rs.6.22 Cr. as Interest on Working Capital for true up of FY 2020-21 for old plants & Sonapani.

Table 59 : Interest on Working Capital (Rs. Cr.) FY 2020-21 (Projected)

Sl.No.	Particulars	MePGCL	As per Order
1	O&M Expense for 1 month (A)	7.54	The approved amount of Interest on working capital was Rs. 6.70 Cr. vide order dated 25-03-2020, including MLHEP and Old projects.
2	Maintenance Spare at 15% O&M (B)	14.39	
3	Receivables for 2 months (c)	26.86	
4	Total Working Capital (A+B+C)	48.79	
5	SBI short term PLR as on June 2022	12.75%	
6	Interest on Working Capital	6.22	

Commission's Analysis

As per the Regulations 34.1(iii) *interest on working capital shall be allowed on the following components for determination of Tariff.*

- *O&M Expenses for one (1) month*
- *Maintenance Spares at 15% of O&M expenses escalated at 6%*
- *Receivables equivalent to two (2) months of Fixed cost*

The Interest on working capital is computed as depicted in the table below

Table 60 : Computation of Interest on Working Capital for True up FY 2020-21

S.No	Particulars	(Rs. Cr) FY 2020-21
1	O&M expenses for one month excl. MeECL cost (33.27 /12)	2.77
2	Maintenance spares @ 15% of O&M expenses (33.27*15%*6%)	5.29
3	Receivables equivalent to two months of Fixed cost (31.82*2/12)	5.30
4	Total Working Capital Requirements (4=1+2+3)	13.36
5	SBI PLR as on 1st April of the respective Financial Year (%) (e)	12.90%
6	Interest on Working Capital (6=4*5)	1.72

Commission considers Interest on working capital at Rs.1.72 Crore for FY 2020-21

5.7 SLDC and Connectivity Charges

Petitioner's Submission

As per the Audited Statement of Accounts (Note 26) of MePGCL for FY 2020-21, SLDC's charge is Rs. 1.48 Cr. Hence, MePGCL requests Commission to consider Rs. 1.48 Cr for True up of FY 2020-21 as SLDC's charges.

Commission's Analysis

Regulation 59.1 of MSERC MYT Regulations 2014 specifies that-

Connectivity charges and SLDC charges as determined by the Commission shall be considered as expenses. SLDC and transmission charges paid for energy sold outside the state shall not be considered as expenses for determining generation tariff.

Commission considers SLDC connectivity charges at Rs.1.48 Crore as claimed by the MePGCL for True up of FY 2020-21

5.8 Prior Period Items

Petitioner's Submission

As per the Audited Statement of Accounts, MePGCL the Prior Period Expense for MePGCL's old plants & Sonapani is NIL

5.9 Non-Tariff and Other Income

Petitioner's Submission

Based on the Statements of Accounts for MePGCL, the utility requests Commission to approve Rs.14.79 Cr. as Non tariff income for true up of FY 2020-21 for Old Plants & Sonapani as shown below:

Table 61 : Non Tariff Income for FY 2020-21 (Projected)

Particulars	MePGCL (a)	Leshka (b)	New Umtru (c)	Lakroh (d)	Old Plants + Sonapani (e=a-b-c-d)
Non tariff income (Rs.Cr)	14.80	0	0	0	14.79

Commission's Analysis

Commission considers Non Tariff and Other Income at Rs.14.80 Crore as reported in note no.25 of audited accounts.

The Other income from MeECL is reported to be at Rs.4.06 Crore vide note no.21 of SOA.

Summing up of the above breakup, the non tariff and other income amounts to Rs.18.86 Crore for True up of FY 2020-21.

Commission considers Non Tariff and Other income at Rs.18.86 Crore for True up of FY 2020-21

5.10 Revenue from Operations

Petitioner's Submission

As per the Audited Statement of Accounts of MePGCL for FY 2020-21, MePGCL had received Revenue of Rs. 257.13 Cr. (including Rs. 82.26 Cr revenue of FY 2017-18 which is recognized in FY 2020-21 but adjusted in the revenue of FY 2017-18 by Commission) from MePDCL towards sale of power (Ref Note 24 of MePGCL's SOA for FY 2020-21 and segregated account 1(v)). The actual revenue from sale of power during 2020-21 is, therefore, Rs. 174.87 Cr. (i.e., Rs. 257.13 Cr – Rs. 82.26 Cr.)

Table 62 : Revenue from Operations for Old Plants including Sonapani (Projected)

(Rs in Cr)

Particulars	MePGCL (a)	Leshka (b)	New Umtru (c)	Lakroh (d)	Old Plants + Sonapani (e=a-b-c-d)
Revenue from Operations for True Up	174.87	58.68	19.78	0.50	95.88

Commission's Analysis

The MePGCL has disclosed Revenue from Operations at Rs.257.13 Crore for FY 2020-21 vide note no.24 of audited statement of Accounts.

The MePGCL has submitted that the Revenue Received includes Rs.82.26 Crore representing unrecognized Revenue during FY 2017-18.

Commission considers that the claim of the petitioner for the Revenue received at Rs.257.13 Crore for FY 2020-21 includes the Revenue unrecognized during FY 2017-18 for Rs.82.26 Crore shall not be considered, since it is improper classification.

Therefore Revenue from Operations shall be considered at Rs.257.13 Crore for True up of FY 2020-21.

5.11 Annual Fixed Cost for MePGCL old projects for FY 2020-21

Petitioner's Submission

Table 63 : Summary of Annual Fixed Cost (Approved vis-à-vis Actual) FY 2020-21 (Projected)

Particulars	True Up of Old + Plants	Approved AFC (Old Plants + Sonapani)	GAP/SURPLUS (+)/(-) (Rs.Cr)
Depreciation	15.14		
Return on Equity	34.49		
O&M Expenses	90.52		
Interest and Finance Charges	14.82		
Interest on working capital	6.22		
SLDC Charges	1.48		
Net Prior Period Items: Income (-)/ Expense	-		
Total Annual Fixed Cost (AFC)	162.67		
Less: Non-Tariff Income	14.79		
Net AFC	147.88	88.37	
Revenue from operations	95.88		
Revenue Gap/ (Surplus)	52.00		(+) 52.00

MePGCL requests Commission to pass through the additional gap of (+) Rs. 52.00 Cr. under the truing up of FY 2020-21 for Old Plants including Sonapani to be adjusted in the ARR of FY 2023-24.

Commission's Analysis

Commission has examined the petition for MePGCL old projects including Sonapani, analyzed considering the audited statement of accounts after prudent check with reference to the Regulations approves the ARR for True up of FY 2020-21 as depicted in the table below.

Table 64 : Approved ARR for MePGCL Old Projects for True up of FY 2020-21

(Rs. Cr.)

Sl.No	Particulars	Claimed for True up	Approved for True up
1	Depreciation	15.14	2.27
2	Return on Equity	34.49	2.07
3	O&M Expenses	90.52	44.86
4	Interest and Finance Charges	14.82	0.00
5	Interest on working capital	6.22	1.72
6	SLDC Charges	1.48	1.48
7	Net Prior Period Items: Income (-)/ Expense	-	
	Total Annual Fixed Cost (AFC)	162.67	52.40
8	Less: Non-Tariff Income	14.79	18.86
	Net AFC	147.88	33.54

Commission considers ARR at 33.54 Crore for MePGCL old projects for True up of FY 2020-21.

6. Consolidated ARR for MLHEP, New Umtru, Lakroh MHEP and MePGCL Old Projects for FY 2020-21 True up.

Table 65 : Consolidated ARR for MLHEP, New Umtru, Lakroh and MePGCL Old Projects for True up of FY 2020-21

(Rs. Cr)						
Sl. no	Particulars	MLHEP	New Umtru	Lakroh MHEP	MePGCL Old Plants	Total for MePGCL
1	Depreciation	46.25	25.66	0.41	2.27	74.59
2	Return on Equity	45.55	20.76	0.42	2.07	68.80
3	O&M Expenses	38.89	13.72	0.54	44.86	98.01
4	Interest and Finance Charges	30.78	32.32	0.43	0.00	63.53
5	Interest on working capital	4.69	2.42	0.06	1.72	8.89
6	SLDC Charges	-	-	-	1.48	1.48
	Total Annual Fixed Cost (AFC)	166.16	94.88	1.86	52.40	315.30
7	Less: Non-Tariff Income	0.00	0.01	0.00	18.86	18.87
	Net ARR	166.16	94.87	1.86	33.54	296.43

Consolidation of Revenue Gap/Surplus in the True up of FY 2020-21 for MePGCL

The MePGCL has filed Project wise petition for True up ARR for FY 2020-21 with the combined Audited Accounts.

MePGCL has reported Revenue from Operations at Rs. 257.13 Crore vide note no.24 of audited accounts.

It is reported vide note no.24.1 that “ In the year 2017-18, Company had not recognized the income amounting Rs.3,647,860,402.00 in absence of certainty of their realization. Out of the Rs.1,647,860,402.00, Rs.825,173,653.00 had been recognized by the company during the FY 2018-19 as revenue. The balance 822,686,749.00 has been recognized as revenue during the FY 2020-21.”

The Revenue from Operations for all the projects of MLHEP, NUHEP, Lakroh and MePGCL old projects is considered at Rs.257.13 Crore as reported in the audited accounts as against the admissible ARR for Rs.296.43 Crore for True up of FY 2020-21 for MePGCL as a whole as depicted in the table below.

Commission has analyzed the project wise claim and Revenue from operations with reference to the Regulations and Audited Accounts after prudence check the true up ARR is approved as detailed in the table below and arrived net Revenue Gap/Surplus (ARR).

Table 66 : Consolidated Revenue Gap/Surplus for MePGCL as a whole for True up of FY 2020-21

(Rs.Cr)

Sl. no	Particulars	MLHEP	New Umtru	Lakroh MHEP	MePGCL Old Projects	Total for MePGCL
1	Net ARR	166.16	94.87	1.86	33.54	296.43
2	Less: Revenue from Operations	58.68	19.79	0.50	178.16	257.13
	Net Revenue Gap/Surplus	107.48	75.08	1.36	(144.62)	39.30

Commission approves Net Revenue Gap at Rs. 39.30 Crore for MePGCL True up of FY 2020-21 and shall be appropriated in the ensuing Tariff Order.

Sd/-

**Secretary
MSERC**

Power Purchase Bills Claimed by MePGCL for FY 2020-21

Months	Umiam -I	Umiam -II	Umiam -III	Umiam IV	Umtru Power station	Sonapani Mini Power Station	MLHEP	NUHEP	Lakroh Mini HEP	Total
Apr-20	8914957	5294957	16736827	15047085	-47736	565770	34428335	11039981	347587	92327763
May-20	12038212	7612919	24573247	21186780	-50676	724501	50375170	14794697	474520	131729370
Jun-20	14563478	9296320	26756459	23439996	51864	777160	80156770	17577917	411093	173031057
Jul-20	27594150	18711960	27346851	28380991	52554	730915	79213904	20989353	566072	203586750
Aug-20	25523093	17268342	31773682	28266517	-51966	753161	66247023	20955225	581010	191316087
Sep-20	18671122	12078475	31614013	27624749	0	743053	63920983	20361091	449740	175463226
Oct-20	22725755	15042747	31127773	27374741	0	693026	64312830	21010315	391923	182679110
Nov-20	15554368	9866037	31587573	27332715	0	642735	36062997	17754904	388270	139189599
Dec-20	16487332	10549804	30086114	25120043	0	657850	29304741	15511792	376206	128093882
Jan-21	15642728	10087956	27421824	22775099	0	607611	27997593	13865964	359991	118758766
Feb-21	15154629	9824158	25583840	21201409	0	525095	27136696	12578020	335468	112339315
Mar-21	12557636	7982336	21267090	18347726	0	486657	27666909	11403642	324368	100036364
Total	205427460	133616011	325875293	286097851	-45960	7907534	586823951	197842901	5006248	1748551289